

BUSINESS WEEK

When Will TV
Pay Off?

PAGE 19

INDEX
YEAR
AGO



Fred L. Haller: Leads auto dealers through a hardworking year (page 48)

A McGRAW HILL PUBLICATION

FEB. 18, 1950



Chemical Progress

News of developments from General Electric's Chemical Department that can be important to your business.

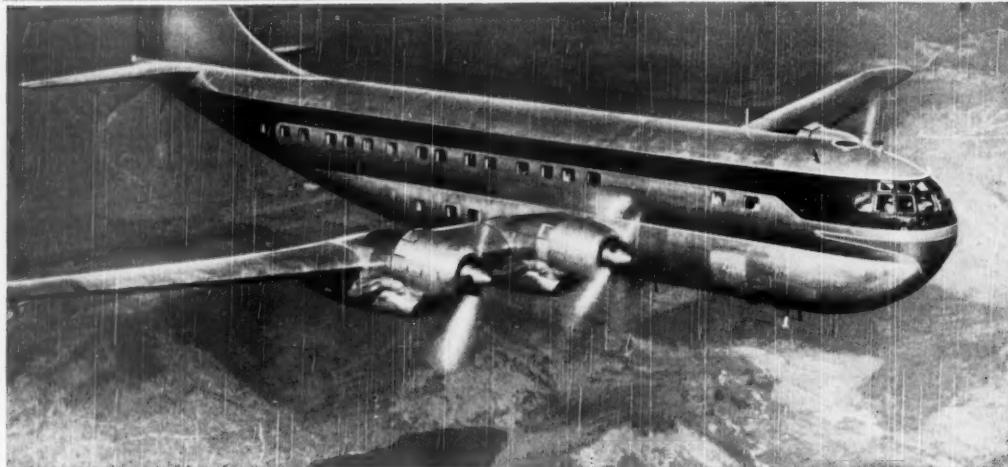


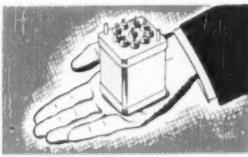
Photo courtesy Northwest Airlines, New Stratocruiser

range between -70F and 450F. A grease-like material, it is applied to cable insulation and is used to fill spaces around high-voltage connections.

Write for more details on GENERAL ELECTRIC SILICONE COMPOUND 81083 or for more information about any of the Chemical Department products or services mentioned on this page. Address: Chemical Department, General Electric Company, 1 Plastics Avenue, Pittsfield 12, Mass.



ANGLE FOR ANGLERS—Newest thing for fishermen is the magnetic fly box, designed and plastics molded by G.E. for a New England manufacturer. This novel box incorporates magnets which hold the anglers' flies in place even in breezy weather.



FIST-SIZE TRANSFORMER—G-E silicone rubber bushings help to make possible a fist-size transformer, used with electronic equipment. This new rubber has unusually high dielectric properties, won't deteriorate, and outlasts ordinary rubber.



PLASTICS FOR REFRIGERATORS—Plastics "breaker strips" for refrigerators are now injection-molded by General Electric. The new strips are economical and better appearing than the previous types, and can be furnished in practically any color.

You can put your confidence in

GENERAL ELECTRIC

CD56-A2

PLASTICS COMPOUNDS • SILICONES • INSULATING MATERIALS • GLYPTAL ALKYD RESINS • PLASTICS LAMINATING AND MOLDING

A STORY WITH AN O. HENRY ENDING

The Telephone Operator who Saved a Life

**JUST AS HER OWN LIFE HAD BEEN
SAVED TWENTY YEARS BEFORE BY
ANOTHER OPERATOR**

(From a recent broadcast of the radio program, "The Telephone Hour.")

TWENTY years ago in the busy town of Vineland, New Jersey, Nicholas and Tessie Pennino and their two-year-old daughter, Marjorie, were nearly asphyxiated by coal gas fumes from a stove in their home. Mother and daughter were both unconscious when Mr. Pennino managed to crawl to the telephone and ask faintly for help before he, too, was overcome by the deadly fumes.



Miss Marjorie Pennino and Tom Shirley, radio announcer. Miss Pennino received an ovation from the studio audience when she was introduced after the radio broadcast.



A fast-thinking telephone operator for the New Jersey Bell Telephone Company received his call, realized something was wrong, and notified a doctor. Because of that operator's alertness, baby Marjorie and her parents recovered.

But that's not the end. There's a sequel—a sequel that was played nearly twenty years later. It took place in the same kind of setting—a home filled with poisonous gas—a weak voice calling into a telephone for help, and a telephone operator on the other end who knew just what to do. The cast was different except for the principal player. For this time the operator who traced the desperate call, found the

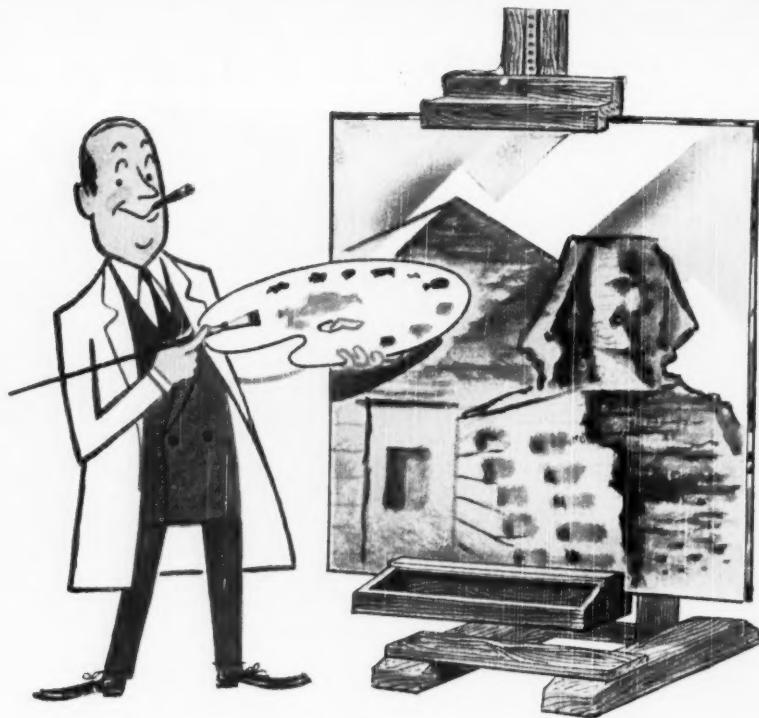
exact location of the house, and notified the police in a matter of minutes, was none other than Marjorie Pennino.

Yes, Marjorie Pennino had grown up and joined the Telephone Company shortly after her graduation from Vineland High School. And so twenty years later, by the same kind of quick thinking that had helped to save her own life, Marjorie helped to save the life of another.

A story with an O. Henry twist, yes! But a true one! And one we think is a pretty good illustration of how telephone people like to give "that extra touch of helpfulness."

"**THE TELEPHONE HOUR**" WITH THE BELL TELEPHONE ORCHESTRA AND FAMOUS GUEST SOLOISTS, IS BROADCAST EVERY MONDAY NIGHT OVER THE NBC NETWORK. **BELL TELEPHONE SYSTEM**





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in All Forms*



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**Why does he
Count his chickens
...before they are
“vaxed”?**

"Now we've seen everything!" Every time we say that, we can count on it that someone will figure out a new way to use counters. There was the drink-dispenser, the Iron Chinaman, the map-making machine, the fishing reel, the ship's sextant, the exercise table, the bowling-pin setter and countless others.

Then came the egg-grader. So it was only a matter of time 'til another

inventive mind combined a counter with a vaccinating device, to keep count of his birds as he needled them!

But why all the figuring on how to use counters? Because Veeder-Root Counters add a new usefulness to any product into which they are built as standard equipment . . . a new sales stimulant, a new profit-producer. Now, let's get together and see what counter-use we can figure out for you!

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BUSINESS WEEK

Where there are Lights—

There is Wire!

Belden



Belden

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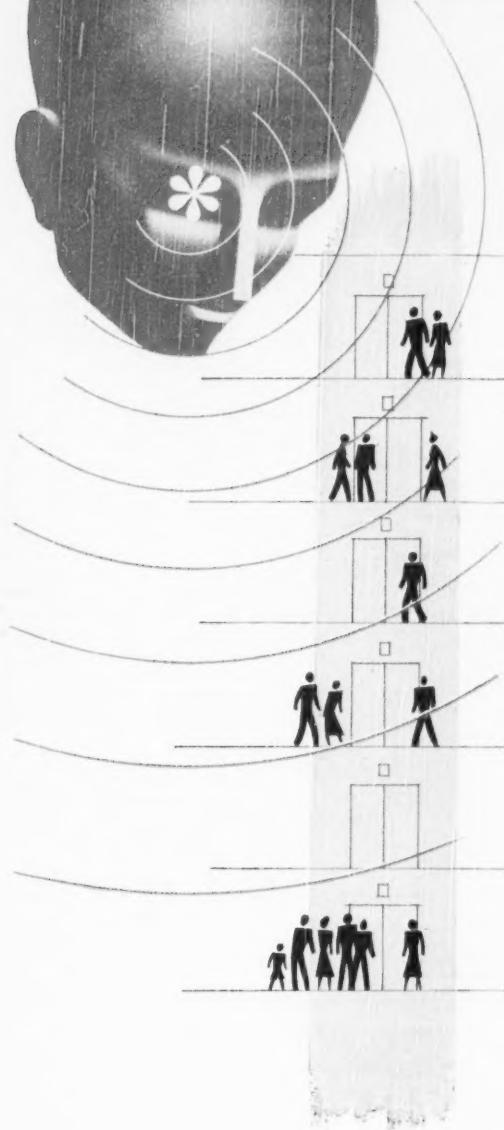
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Green, red, red and green . . . up, down and in between. Heavy, light, light and heavy . . . calls scarce or by the bevy. Selectomatic's "eye" reflects any traffic pattern the people make. Then, instantly and automatically, its electrical brain balances the movement of the cars with the size of the demand.

Selectomatic has charted a complete new era for elevators. No longer does the elevator service in your building have to depend on a "starter's" blind guess at when to dispatch which cars where.

With Westinghouse Selectomatic on the watch, our good friend, the starter, can relax. Spend all his time looking after his most important job . . . directing traffic.

Selectomatic is the only elevator system that automatically regulates an entire elevator bank and matches the service to the demand — under any traffic conditions.

Selectomatic, an exclusive Westinghouse development, completely supersedes the previous accepted elevator standard — signal control.

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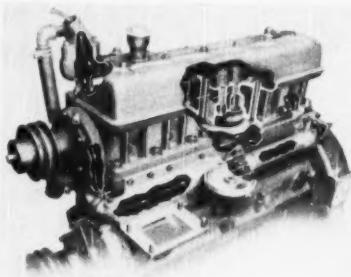
YOU CAN BE SURE . . . IF IT'S

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BETTER . . . BECAUSE THEY ALONE OFFER ALL THESE FEATURES

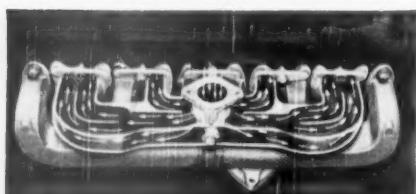


FULL LENGTH WATER JACKETS
AND DIRECTIONAL COOLING



Red Seal engines have long been known for their cool running under any and all conditions. Two reasons for this are full-length water jacketing and the system of directional cooling which floods exhaust valve seat areas and other hot spots with the coolest fluid at all times.

No matter what conditions your application imposes on an engine, you'll find Continental Red Seal your one best choice. For Continental alone embodies ALL the features on which top performance, economy and reliability depend. The modern Continental line, moreover, is broader and more diversified today than at any time in the past. It includes overhead-valve and L-head models ranging from 1½ to 270 horsepower, for virtually every transport, farm and industrial use.



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Write for free bulletins, stating your application. Continental engineers will be glad to discuss your needs.

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THE COVER

There's a special significance to the background against which Fred L. Haller was photographed last week for BUSINESS WEEK's cover. It's the inside of an automobile bake oven, the kind that dries the new paint job on a used car before it goes onto the used-car lot. And for the members of the National Automobile Dealers Assn., of which Haller has just been elected president, the merchandising of used cars is a primary concern (page 48).

NADA's new president goes into office with more than 30 years of automobile experience behind him. A native of Washington, D.C., Haller has been in the automobile business there since 1919. Before that, Haller had served in the Army as a motor transport officer. His main job, says Haller, was building ambulance bodies on new truck chassis.

• **Hudson Dealer**—Since 1919, Haller has held several different types of dealerships. At present, he is selling Hudsons. He considers his agency, District Motor Co., a relatively small operation; it employs 27 people.

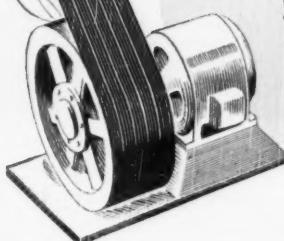
Haller has been active in automotive associations for many years. In 1932 and 1933 he was president of the Washington Automotive Trade Assn., and he has been its secretary ever since. He also served a term as first vice-president of NADA immediately prior to his election as president.

Haller and his wife live in the Westchester Apartments in Washington, where they frequently lure their friends into playing a little bridge, gin rummy, or canasta. On sunny Saturdays, you'll have to look for Haller at the Columbia Country Club, where he goes around the golf course in the high 80's. His associates think that the new NADA post may cut into his annual winter visit to Miami, but Haller thinks that there will be time enough for everything.

Cover photo by Dick Wolters. Complete story on NADA meeting on page 48.



...DELIVERS THE POWER



Widely used in V-belts, "Cordura" has virtually eliminated "stretch." That means more power from each belt... fewer take-ups... less maintenance. And V-belts last much longer when they're made with Du Pont "Cordura" High Tenacity Rayon.



...DELIVERS THE CARGO

For conveyor belts, "Cordura" offers high strength plus remarkable toughness. Its high unit strength makes possible lighter belts that are easier to set up and work with. And it supplies the necessary tensile strength for long-lift belts.



YOU CAN RELY ON "CORDURA" TO DELIVER HIGH STRENGTH...AT LOW COST

Inherently stronger than natural fibers commonly used, and usually more economical, "Cordura" is a yarn you can't afford to overlook. Perhaps the uses described above suggest still another application to you. Write us about it... and tell us if you need data on the performance of this yarn under unusual operating conditions. We'll be glad to give you a detailed analysis of the application you have in mind, along with other helpful information. Write Rayon Div., E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware. *REG. U. S. PAT. OFF.

DU PONT "CORDURA" HIGH TENACITY RAYON

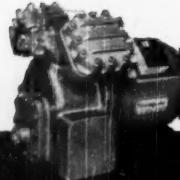


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BETTER THINGS FOR BETTER LIVING... THROUGH CHEMISTRY

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IN AIR CONDITIONING
it's the
COMPRESSOR THAT COUNTS



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WESTINGHOUSE
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COMPRESSORS UP TO 100 hp.

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tion from a "package" unit to a complete system, choose Westinghouse because at its heart is a compressor hermetically sealed in steel. This is still your greatest single guarantee—above any written guarantee—that Westinghouse Air Conditioning will give you the longest, most dependable, trouble-free service.

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First to introduce
**HERMETICALLY-SEALED
COMPRESSORS IN
AIR CONDITIONING**

BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 18, 1950



Businessmen started this week with very little to aid their planning.

There was no certainty when and how much the coal miners would dig. There was no telling how fast, in the interest of protecting their furnaces, the steel industry would have to cut back.

Metal fabricators once again find steel becoming the No. 1 problem.

Durable goods manufacturers are sparking this winter's business rise.

The Federal Reserve Board has taken a quick look at January activity. The data are rough, strictly preliminary. It appears, though, that the FRB industrial production index rose to about 182 from 179 in December.

This rise, the board says, was almost entirely in durable goods. Non-durable manufacturing gained only very slightly.

More or less the same trend marked December—although it had been nondurables that earlier turned the tide for recovery.

Over-all business activity, before the strike in coal and the shutdown at Chrysler, had managed a gain of a little better than 12% from last summer's low.

February probably won't be able to duplicate January's mark. Some observers, in fact, wonder if we'll do that well again any time soon.

Television output no longer is contributing much to the business rise.

In fact, the National Industrial Conference Board suggests that TV "seems to be over the hump of its growth."

Limit on markets: technical factors and price, says NICB.

This doesn't mean that the industry isn't a strong sustaining factor still (page 19). It's just that the production mark in the final 1949 quarter was so high that this year's average can hardly top it.

The earlier months of 1949 were much slower; 1950 will beat them hollow. Thus, this year's total output will be well ahead of 1949.

Personal income, the stuff which pays for all the new autos and TV sets (whether they are bought for cash or on time), continues to hold at a very high level.

December income is put at an annual rate of \$211.5-billion by the Dept. of Commerce; January probably wasn't any lower.

That's down from \$217-billion at the end of 1948. However, it just about matches the 1949 average of \$211.9-billion.

Thus, purchasing power has leveled off at a very high point.

More businessmen look for lower profits than hope for higher earnings this year. That's because of (1) lower prices, and (2) high costs.

However, there shouldn't be any steep decline from late 1949. Fourth-quarter profits (after taxes) were at an annual rate of just under \$17-billion; a year earlier, they ran just short of \$21-billion.

Depreciation reserves and retained earnings still provide a big fund for business capital expenditures.

Several billion dollars a year are realized in depreciation. And, even though a higher proportion of earnings is being paid out to stockholders, retained profits add another \$8-billion to \$10-billion.

If consumer demand remains high, businessmen may decide, before

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 18, 1950

the year is out, to tap outside sources of funds and step up expenditures.

That's one way we might avert a slide-off in the last half of 1950.

Stockholders like fatter dividends. Payments in December and in all of 1949 were the largest on record—and we had the first thing that looked like a bull market in nearly three years.

The Dept. of Commerce estimates dividend payments in December alone at \$1.5-billion, up 14%; that raised the year to \$6.5-billion, up 7%.

In 1948, even though earnings were higher, stock prices wouldn't go up; investors weren't interested in paying for profits plowed back into the property. But as dividends grew, stock prices grew, too.

Construction activity seems as though it would never slacken.

McGraw-Hill's Engineering News-Record reports January contract awards at \$915-million, 62% above a year ago. The 12 months through January topped \$8-billion for a gain of 15%.

Private contracts, although slightly less than half of the total in January, showed a gain of 86%; federal projects were up 112%.

And take a single city, Baltimore. Building permits last month were \$18,117,104, the biggest January ever, and the second-best month on record. Dwellings accounted for three-quarters of the dollar total.

California manufacturers are fairly optimistic on prospects.

They have just been polled on their first-quarter outlook by the California Manufacturers Assn. Results show that 38% expect about the same volume as last year; 32% hope to do better by anywhere from 5% to 55%; only 26% expect poorer results; 4% were undecided.

Once again the electric utilities have broken a record at a time of year when they should not be setting new highs. Power output, at 6,062,095,000 kwh. in the week ended Feb. 4, was the highest ever.

This was the second recent week to top the 6-billion mark. Once again electricity is supplementing coal heat in the frigid West.

Livestock producers face a test: Will the high price of cattle pull up the price of hogs, or will beef have to come down?

One thing is sure. More beef will be available in the months ahead than a year ago, and the grade will be higher.

Meanwhile, cattle continue to bring a price per hundredweight nearly double that of hogs. They're supposed to be competitive.

Manufacturers and middlemen continue to complain that retailers aren't carrying sufficient stocks.

Indeed, retail inventories are more than a billion dollars below a year ago (\$13.2-billion at the end of 1949 against \$14.4-billion at the end of 1948). That's down 8%—but a major share of that represents price changes.

And is it low? Maybe it's a return to prewar inventory control.

Here's another example of gas inroads on coal: Olin Horton of the Alabama Mining Institute says the state's conversion to gas has cost coal an industrial market for 3-million tons annually in the last 18 months.



**for tapes that talk...
textiles that
make conversation**

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There's no reason at all why floors shouldn't carry out . . . even enhance decorative schemes. Especially when you're working with Tile-Tex® Asphalt Tile. For here's versatility that's hard to beat.

Tile-at-a-time installation gives you almost unlimited pattern possibilities. Checkerboard, plaid, basket weave . . . it's almost a matter of "name it, and you can have it." You can even design custom-cut inserts which are fabricated to your specifications.

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Exceptional durability. Tile-Tex floors have been in service for many years . . . without visible signs of wear.

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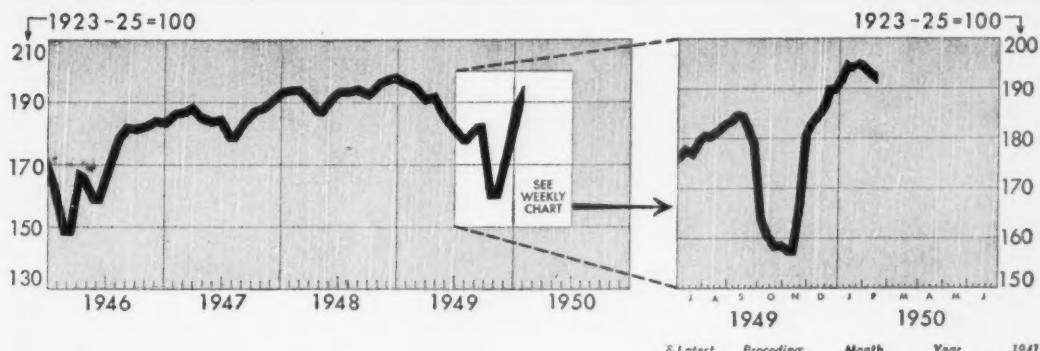
Maximum economy. Low material cost . . . fast, economical installation . . . and, long service life combine to give you astonishingly low cost-per-square-foot-per-year. Add the trim attractive appearance of Tile-Tex Asphalt Tile, and the result is maximum flooring value at minimum cost.

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ASPHALT
FLOORS AND WALLS

*REGISTERED TRADEMARK, THE FLINTKOTE COMPANY

FIGURES OF THE WEEK



Business Week Index (above) *192.9 +194.6 194.8 196.8 162.2

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity)	90.7	91.5	95.0	100.0	97.3
Production of automobiles and trucks	130,640	+127,428	154,552	108,911	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$27,785	\$29,216	\$34,815	\$29,151	\$19,433
Electric power output (million kilowatt-hours)	6,012	6,062	6,029	5,722	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	4,955	4,945	4,925	5,387	3,842
Bituminous coal (daily average, 1,000 tons)	1,090	1,250	1,130	1,898	1,685

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	1947
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	67	68	65	70	86
All other carloadings (daily average, 1,000 cars)	35	38	39	43	52
Money in circulation (millions)	\$26,985	\$26,928	\$27,311	\$27,557	\$9,613
Department store sales (change from same week of preceding year)	-1%	+2%	-25%	-4%	+17%
Business failures (Dun & Bradstreet, number)	195	199	207	192	228

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	1947
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100). Dec. 167.5	168.6	171.4	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	357.7	355.2	350.8	374.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	221.0	+220.8	223.1	271.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	302.6	300.9	298.9	285.7	146.6
Finished steel composite (Iron Age, lb.)	3,837¢	3,837¢	3,837¢	3,717¢	2,396¢
Scrap steel composite (Iron Age, ton.)	\$27,08	\$27,08	\$26,42	\$37.58	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	18,500¢	18,500¢	18,500¢	23,500¢	12,022¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.20	\$2.21	\$2.21	\$2.14	\$0.99
Sugar (raw, delivered New York, lb.)	5.61¢	15.69¢	5.75¢	5.64¢	3.38¢
Cotton (middling, ten designated markets, lb.)	32.00¢	+31.44¢	30.88¢	32.49¢	13.94¢
Wool tops (New York, lb.)	\$1.793	+\$1.756	\$1.835	\$1.644	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	19.25¢	19.25¢	18.30¢	18.28¢	22.16¢

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	1947
90 stocks, price index (Standard & Poor's Corp.)	136.4	+137.1	133.1	116.1	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.24%	3.24%	3.23%	3.45%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.58%	2.58%	2.56%	2.71%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-12%	11-12%	11-12%	11-12%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	11-14%	11-13%	11-13%	11-13%	4-8%

BANKING (Millions of dollars)

	Demand deposits adjusted, reporting member banks	Total loans and investments, reporting member banks	Commercial and agricultural loans, reporting member banks	Securities loans, reporting member banks	U. S. gov't and gov't guaranteed obligations held, reporting member banks	Other securities held, reporting member banks	Excess reserves, all member banks	Total federal reserve credit outstanding
N.A.	47,767	48,140	46,553	+\$27,777				
N.A.	67,267	67,357	62,170	+\$132,309				
N.A.	13,918	13,857	15,294	+\$6,963				
N.A.	1,938	1,832	1,818	+\$1,038				
N.A.	37,595	37,920	33,016	+\$15,999				
N.A.	5,185	5,055	4,204	+\$4,303				
820	1,010	1,090	676	5,290				
18,146	18,620	18,644	22,836	2,265				

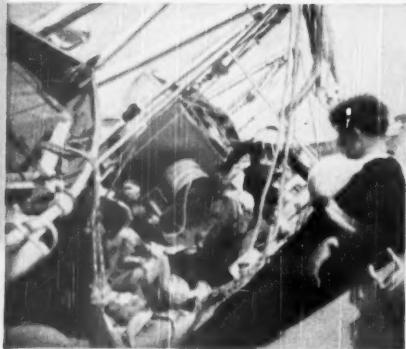
*Preliminary, week ended Feb. 11.
††Estimate (BW—Feb. 12, p. 16).

‡Date for "Latest Week" on each series on request.

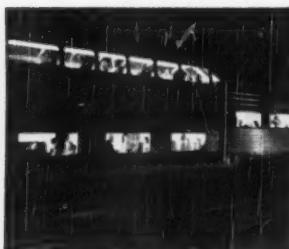
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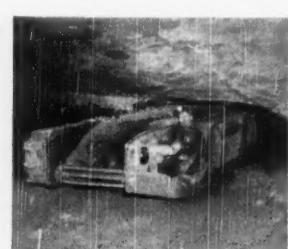
WINTER TROUBLE SHOOTING is rough and rugged for the telephone man who maintains the wires that carry your voice. The electric current that flows through millions of miles of telephone lines is safeguarded by Exide Batteries.



CREW ON SINKING SHIP saved through radio SOS. Storage batteries are essential equipment in the operation of ship radios and other electronic safeguards. Many Exide Batteries are used in these and other marine services.



HOME ON WHEELS, with every convenience to make travel comfortable and enjoyable, including abundant light and air-conditioning. On many passenger cars, Exide Batteries help supply current for these services.



MORE COAL per man because of fast, flexible shuttle cars, now extensively used in modern mines. Many of these haulage units, together with large numbers of mine locomotives and trammers, are powered by Exide Batteries.

Directly or indirectly, the widespread use of Exide Batteries benefits you and your business in many ways, for there are Exides for every storage battery need. In industry, Exide Batteries supply motive power for battery-electric materials-handling trucks, mine locomotives and shuttle cars. Railroads use vast numbers of Exides for car lighting,

air-conditioning, Diesel locomotive cranking, signal systems.

Exides are used in telephone, telegraph, radio and television service . . . in aircraft, ocean vessels, central stations. They supply cranking power for husky off-the-highway equipment, and current for emergency lighting in buildings of every

kind. And on millions of cars, trucks and buses, they prove daily that "When it's an Exide, you start."

Information regarding the application of storage batteries for any business or industrial need is available upon request.

THE ELECTRIC STORAGE BATTERY CO.
Philadelphia 32
Exide Batteries of Canada, Limited, Toronto

Exide® BATTERIES HAVE PROVED THEIR DEPENDABILITY IN VITAL SERVICES FOR 62 YEARS. *Reg. Trade-mark U.S. Pat. Off.

WASHINGTON OUTLOOK



WHAT CONGRESS WILL DO on Truman's program can now be seen with more certainty.

In the six weeks since the President dumped his plan into the hopper, the House and Senate have had time to think things over—and feel out their constituents. So, now a stock-taking is possible.

The major legislation which can be counted on to get action boils down to:

- Taxes, with the emphasis on cutting back the wartime excise rates.
- Spending, with Truman getting about all he wants—after the talking for economy is over.
- Social-security expansion, to cover more people and pay bigger benefits.

There'll be action on some of the lesser issues, too. These include aids to housing, and financial help for small business. But the big controversies, such as FEPC, government medicine, and the Brannan Plan, will be left hanging.

Congress thinks this is in line with what the voters want. The mail is topheavy for excise cuts, economy in spending—but mixed with plugs for this or that spending project—and for a liberalization of social security.

THE SHAPE OF THE TAX BILL will be along these general lines:

A broad excise cut will be voted, well beyond Truman's suggested changes in retail taxes, and levies on transportation and communications. Congress will also cut manufacturers' excises on autos, tires, and household appliances. No relief is likely for tobacco, liquor, gasoline.

The revenue loss from excises will be made up by a combination of loophole plugging, better enforcement, maybe higher rates on gifts and estates, and the Mills plan (page 61) to speed up tax payments by corporations.

A boost in corporation income taxes, from 38% to 42%, still is given little or no chance. Congress isn't much interested in raising extra revenue.

The House Ways & Means Committee timetable: Finish hearings the first week in March, bring out a bill, and get it through the House by mid-April. It's on the optimistic side.

Watch for O'Mahoney's economic committee to plug for more liberal depreciation and less rigid penalties on undistributed profits—"unreasonable" accumulations under Sec. 102. The idea is to get

Treasury to relax a bit on these, and thus give business more leeway on writing off equipment and building up reserves.

SPENDING PROSPECTS aren't changed by the show of economy in the House.

Members of both House and Senate are being prodded constantly by letters from back home asking for cuts in Truman's \$42.4-billion budget. Congressmen are in favor of saving some money, to be sure. But so many of them are backing election-year spending projects that a ganging-up to force a big reduction is out of the question.

There's another anti-economy factor coming into the picture, too. Unemployment is rising (page 26) and official government estimates (not made public) put the total at about 5-million by midyear and maybe 6-million by yearend.

You will see this used in Congress as an argument against big spending cuts.

SOCIAL-SECURITY EXPANSION is sure to be voted in another three to four months.

The Senate Finance Committee will finish its hearings in about a month. A check with members indicates that the committee's bill will follow the outlines the House approved last year.

Coverage will be extended to about 11-million more people, including self-employed, professionals, local government workers, employees of many non-profit groups, more food-industry workers, and more salesmen. Benefits will be upped about 50%.

The prospect is that the changes will become effective by next Jan. 1. That means a payroll-tax increase for employers, and for employees making over \$3,000. The tax now stops at that level, but under the new law it will apply to incomes up to \$3,600, maybe \$4,000.

Business is giving the bill considerable support. The bigger social-security pensions will take some of the heat off demands for private plans.

FOREIGN TRADE POLICY is rising as an issue—both in and out of Congress.

You can see it in the plans of Reynolds Metals and Henry Kaiser—both big RFC borrowers—to push for higher tariffs on aluminum. They want to cut down on competition from Canada by raising tariffs on pig and sheet—especially on sheet. The Canadians might be discouraged in their plans for a big new sheet mill.

You can find the same reasoning among pro-

WASHINGTON OUTLOOK (Continued)

ducers of consumer goods—jewelry, watches, pottery, etc.—that are meeting stiffer competition from abroad. Some local labor unions are joining in, afraid that imports will cost jobs.

And the topic is getting hot among farm-state congressmen. Members from wheat-growing states, for example, want to make it mandatory that ECA dollars spent by Europe for farm products be spent in this country.

All this is a natural development, now that postwar shortages are gone and competition is in full bloom. It's unlikely that Congress will seriously upset the Administration policy, which is to encourage imports. For new restrictions here would invite higher barriers against U.S. products.

But the agitation will tend to make the State Dept. more cautious on tariff cuts in future trade agreements.

PUBLIC POWER for New England won't get beyond the talk stage for at least another year.

Truman has given the idea another boost. And it's probable that Congress will O.K. his plan for a seven-man commission to study power needs of the area, and how they could be served by the St. Lawrence River and Passamaquoddy projects.

The actual development plans won't be ready for Congress before next year, at the earliest, and maybe not until 1952.

So, for the time being, the whole thing is more politics than anything else. The Democrats are going to pull another regional rally, this time in Boston, and they'll whoop up public power for New England as a promise to be fulfilled in the future.

TREASURY FINANCING is moving toward slightly higher interest on short-term paper.

Note the new 15-month and 16-month 1 1/4% notes which the Treasury will use to refund certificates maturing Mar. 1 and Apr. 1. This is the same rate which the Treasury set in January on 20-month paper. It amounts to a slight interest rise; expectation is that the Treasury is going back to 1 1/4% rate on one-year obligations.

It may mean slightly higher rates to business borrowers on commercial paper, but it won't be enough to raise rates on home mortgages.

THE ANTITRUST INVESTIGATION by Celler's committee will be starting up again soon.

U. S. Steel will get a going-over in mid-March. The committee thinks it can use U. S. Steel to show that size doesn't always contribute to technical

progress. The aim is to weaken the case du Pont made for research last year.

Du Pont will be brought back, too. The committee will dig into its connections with other companies, such as General Motors, in an effort to show du Pont's influence on price and production policies outside its own organization.

Domestic newsprint producers will be called in. They'll get some knocks for not undercutting the price of Canadian imports.

Others ticketed for an appearance before the investigating committee: some big soap makers, big distillers.

Truman is backing the antitrust study. He is well posted on what companies will be put on the pan. There's politics in it, of course—spanking big business to win favor with smaller competitors.

But there's more to it than politics. Congress slowly is moving toward a tougher attitude toward big industry.

The real issue in coal is not wages, hours, and welfare. It's production control.

Don't lose sight of this in following the day-to-day developments. It may yet split the operators in Lewis' favor.

Lewis has had the control in his "willing and able" clause. He conceived this gimmick as a way to "stabilize" production and see to it that work was spread uniformly among his miners, whether on a five-day or three-day week basis.

Lewis, despite the injunctions and the threat of antitrust action by Congress, isn't about to give up this power. As a matter of fact, there are many operators who would like to see him hold onto it.

These operators are afraid of what will happen if competition determines production policies and prices. A five-day week can quickly build up surplus coal stocks and put pressure on prices. Inefficient mines and producers of low-grade coal might be forced to shut up shop.

It would be in violation of the antitrust laws for the mine operators to get together and regulate production to keep prices firm.

But Lewis can do it for them, for labor is exempt from the antitrust laws—as long as there is no collusion with employers. There's a good deal of talk among the operators right now that if Lewis will temper his wage demands a bit and put the welfare fund on a sound basis, he can keep his control over production—have the "willing and able" clause, or some workable substitute for it.



How Glass by Corning helped heater sales go upstairs

Several years ago a manufacturer of portable kerosene heaters wondered what could be done to pep up lagging sales. A Corning sales engineer called on this manufacturer and proposed the idea of a new type of portable heater—one with a heat resistant glass globe—to augment their line of metal-bodied heaters. Crazy? Yes, crazy like a fox!

Sales of Perfection Portable Heaters have climbed ever since this change was made. Consumers know they can depend on PYREX brand glassware. They enjoy the warm glow of the fire as well as its heat. They can see to adjust the flame which also lights their way upstairs. It's easy to clean. *The heater manufacturer added all these sales features when he added Glass by Corning to his product!*

It makes cost sense, too. Corning manufactures

PYREX globes by mass production methods. They are delivered to the manufacturer ready for assembly. They save production and assembly time.

Let us see if we can add sales punch to your products with our glass. Our engineers are eager to talk over possibilities with you. Just write the Corning Glass Works and outline your problem.

Corning glasses can be used—to add merchandising appeal, reduce costs, improve performance in lighting, industrial machines and appliances, plant and laboratory equipment, electrical specialties and optical products.

Special properties of Corning's many glasses include heat indifference, dimensional stability, permanent finish, controlled transparency, color uniformity, electrical stability, chemical inertness, durability.

CORNING GLASS WORKS



CORNING, N. Y.

TECHNICAL PRODUCTS DIVISION

Corning means research in Glass

**DEHYDRATING,
MOLASSES REFINING,
and CANNING PROCESSES at**

TEXSUN CITRUS EXCHANGE

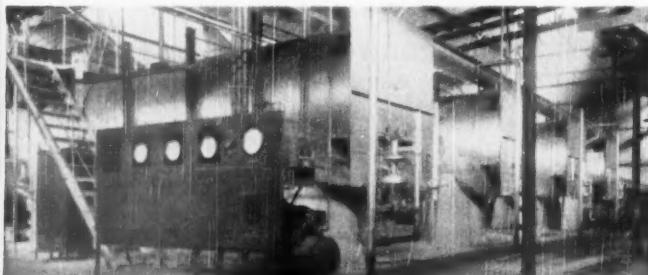
Demonstrate Versatility of GAS

CITRUS BY-PRODUCTS processing is a large part of the operations of Texsun Citrus Exchange, Weslaco, Texas. One of the world's largest processors and canners of citrus, Texsun not only packs juices and edible fruit but processes the residue

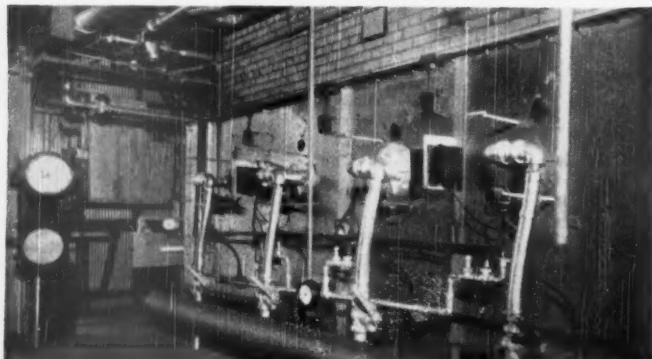
into citrus molasses and citrus pulp used in stock feeds.

Although Gas is used for all Texsun heating operations, its major role is in the dehydration and refining process. The rotary kiln method, which consists of eight 90' kilns with

Battery of Gas-fired dryers from firing end, and showing control panel. Kilns are 90 feet long, with 30 foot firing chambers.



Gas Burner on one of the boilers which generates steam for processing.



**TEXSUN CITRUS EXCHANGE PLANT,
WESLACO, TEXAS.** Dehydrating and concentrating plant is shown at upper right, where cloud of vapor indicates evaporation of moisture from dehydration of citrus peel.

a total capacity of 40 tons of raw products per hour, is the dehydration process which completely dries the pulp and peel.

A unique method developed by Texsun, to purify and retard fermentation of their citrus molasses products, is to inject natural gas and air directly into the liquid, igniting it and causing it to heat as it bubbles to the surface.

Sid Rankin, Supt. of Dehydration at Texsun emphasizes the importance of retaining color and vitamin value in the finished product, which requires heat-processing at precise temperatures just below the boiling point. Mr. Rankin states—"We could not turn out a product of such high quality without the use of natural gas as it is readily controlled and is very economical. In our patented process in the manufacturing of citrus molasses, natural gas is indispensable."

Texsun has used GAS for heat-processing since the Weslaco plant was built in 1936. These applications of GAS represent some of the important ways in which GAS serves the food industry. Ask your Gas Company Representative about other heat-processing applications in your business.



**AMERICAN GAS
ASSOCIATION**

420 LEXINGTON AVENUE
NEW YORK 17, NEW YORK

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FEBRUARY 18, 1950

In 1950 TV's on the Map



Where Is Television? Right Here Now

Set ownership will rise to 8-million this year. Stations are inching into black. Biggest problem: the "freeze."

The hardest thing to grasp about television is simply the fact that it has arrived. Trouble is, ever since the industry got under way people have been talking about it in the future tense—or erroneously saying it was here when it wasn't.

Today it's not only here with a bang—it's even beginning to pay off.

• **Beyond Hope**—All this has taken the industry itself by surprise. Only two years ago it was talking production in terms of 1-million sets a year by 1949 (BW-Jan.10'48,p24). Even as late as last April, Du Mont, for one, was figuring on about 771,000 TV homes in New York City by the end of the year. But here's how things really stand now:

- Set production actually hit about 2.6-million last year; it is now running at

a rate of about 4-million a year. All told, about 4-million sets are in use now; by next January there will be 8-million.

- Saturation in some of the major markets now covered by television has reached impressive heights. In New York (about 1-million sets), some 26% of homes have TV sets; in Chicago (340,000 sets), about 22%; in Los Angeles (340,000), about 25%. In the 10 top U.S. markets as a group, saturation totals 21%.

- 99 TV stations are now operating; nine or 10 more are slated to go on the air sometime this year. These 99 stations cover 59 major U.S. markets.

- All told, 28-million out of the total of 43-million U.S. households are now within reach of a television station

(though all of them, of course, don't have sets now). By the end of the year this figure will rise to 32-million.

- The manufacturing side of the industry is now doing business of better than \$800-million a year. Meanwhile, the telecasting side has become a major entertainment and advertising medium.

- **Radio? Pooh!**—What is even more remarkable, the growth of television at this point is slightly ahead of where radio was at a comparable age. And by the end of the year, TV's growth will have a substantial lead over radio's; radio didn't hit the 8-million-set mark until the middle of 1928.

- **Reasons**—This extraordinary growth, which even the industry couldn't foresee, springs from several new facts about the U.S. economy: the population gains of the past two decades; the ready-made technical base for TV laid by radio and radar.

But more important is the wider dis-

tribution of wealth that has taken place during the war and since. Simply enough, the buying potential of the lower-income groups is far greater than it has ever been before. This has had particular impact on the market for television sets. It's not only the rich who can afford TV—other income groups are buying heavily, too.

This spread of ownership has grown so wide that the industry has had to revise its estimates of potential TV-set ownership upward—as far as 75% of the nation's 43-million homes. (Radios have a 90%-plus saturation.) Other industry estimates put the potential TV market at anywhere from 25-million to 40-million sets in all.

The higher estimates may be nearer the truth. Last year's 2.6-million sets were sold at an average retail price of \$320. But set prices have dropped since then (BW—Jan. 28'50, p61), are expected to drop from 5% to 10% a year for the next five years. That should broaden the market even further.

• **Still in Red**—Rosy as this news may be, it still doesn't mean that the broadcasting side of the business is in the black. Nevertheless, things are looking up, and it's generally agreed that the broadcasters are over the hump. With black ink finally in sight, the stations and networks have gotten over their jitters of the fall (BW—Nov. 12'49, p50).

So far no more than a handful of TV stations—possibly only about four—are in the black. WICU in Erie, Pa., and WTVN in Columbus say that they are; Du Mont network says its WDTV in Pittsburgh and WABD in New York are over the line, too. Some other stations claim that they are wavering on the edge. A number, including San Francisco's KPIX, are certain that 1950 will push them over.

• **Advertisers**—U. S. advertisers are coming over to TV in increasing numbers. Rorbaugh Reports, a TV statistical service, says that in four months' time—between September and December of last year—the number of local retailers using TV advertising jumped from 1,141 to 1,800. Meanwhile, national-regional spot campaigns increased from 337 to 427, sponsored network shows from 59 to 89.

All told, the four networks—ABC, CBS, Du Mont, and NBC—garnered somewhere around \$12.2-million in time charges last year (BW—Feb. 11'50, p30).

Network advertisers on TV have fallen pretty much in line with what you find in radio. Food and food products are taking most time on TV nets, followed by cigarettes and tobacco. Automotive, and radio and TV sets are in a tie for third place.

• **The Freeze**—For the networks—as against the stations—profit and loss is a different story. The nets are still in

the red, and no one will hazard a guess as to when they will come out. But most network officials feel sure of one thing: It won't happen until the Federal Communications Commission thaws out its famous "freeze" on the allocation of frequencies for new stations.

FCC put its clamps on new allocations back on Sept. 30, 1948, when it found that it hadn't spaced TV stations far enough apart—in miles or in megacycles. Some stations in nearby towns—Cleveland and Detroit are the classic example—were interfering with each other's signals. So FCC decided to revise its whole program and at the same time investigate the possibility of opening more channels in the UHF (ultra high frequency) band. TV stations now use the VHF (very high frequency) band.

Last year FCC was about to get under way with new hearings on the interference problem when Sen. Edwin C. Johnson, head of the Senate Commerce Committee, threw the whole business of color TV back into the ring. So FCC put allocations on ice until it could finish another round of TV (BW—Oct. 8'49, p68). Meanwhile, TV-station licenses have been stuck at 110, with 350 applications pending.

• **Stopped Growth**—As the freeze drags on, the industry grumbles more and more loudly. It charges that the FCC is playing politics while the industry loses money. The growth of TV is being hampered, it says, arguing thus:

As long as so many markets remain

uncovered by TV, advertisers will stay away from the medium in droves. Until there are more markets and sets available, many advertisers won't feel that the admittedly high cost of TV is justified. Furthermore, of the 59 markets now covered, 40 are covered only by one station.

• **Cold Cash**—On top of all this, the networks point out that the freeze costs them cold cash daily. They have to pay heavy charges for radio-relay and coaxial-cable connections with affiliated stations. But since there are so few stations, the cost per station is a heavy one. Nor can nets get out of the red by raising their time rates until there are enough stations to justify it.

But despite the woes of the networks, 1950 is the year when TV will put its mark on the nation, on advertising, on advertisers. Its growth-rate, faster than radio's, would be enough alone to ensure that.

Power for Atoms Puts Pinch on TVA

Stepped-up production at the Atomic Energy Commission's big fissionable-uranium factory at Oak Ridge, Tenn., is putting the Tennessee Valley Authority on the spot. The famed public-power empire of TVA will have to buy big chunks of private power late next year—or be blamed for slowing up the atom program.

• **Tale of Pinch**—The tale of a threatened power pinch in TVA-land, caused by growing demands for the atomic push at Oak Ridge, was told to a House Appropriations subcommittee. The subcommittee is considering a \$12-million emergency request by TVA for the current fiscal year (ending next June 30). For the first time, AEC gave figures on how much power it gets from TVA—and how much more it is going to need.

Walter J. Williams, director of AEC's division of production, disclosed that AEC now takes 225,000 kw. of power from TVA. By June, 1952, this total will have jumped, in gradual stages, to 640,000 kw. Reason for the gain: new gaseous-diffusion plants AEC is building at Oak Ridge to separate bomb-uranium 235 from nonfissionable U-238.

• **Steam Power**—TVA is meeting this huge jump in power demand by building new steam power plants. This new program will add 337,500 kw., cost \$59-million.

But these plants won't be ready before mid-1952, and AEC will soon begin the progressive stepup of its bomb-material production at Oak Ridge. In the late fall and winter of next year, TVA will have to call on private companies bordering on its territory for as much as 110,000 kw.



Night Shopper

Folks in Berlin, Germany, can window-shop any time of night at this textile-goods shop. The storekeeper installed an automatically lighted window display! Passers-by knock gently on the window, vibration turns lights on for three minutes, then turns them off.

Chipping Away at Rail Rates

The 60% postwar rise in railroad freight rates seems to be topping off. Railroads are fighting traffic diversion with individual cuts in competitive situations.

When George B. Elliott was president of the Atlantic Coast Line R.R., he used to tell a yarn about freight rates.

"Back when I was a boy," Elliott would say slowly as he leaned back in his chair, "there used to be a big stone marker on a hill up on the Maryland border. It was one of the old posts on Mason and Dixon's line—a big solid thing, four or five feet high. Must have been a job to haul it up there."

"People started knocking chips off that post for souvenirs. Pretty soon there wasn't any post left at all—just a little stub of rock there in the ground."

"And that," Elliott would wind up, coming back abruptly to the subject at hand, "is just what happens to every rate increase that the railroads get."

• **Chipping Away**—It is still happening. The last of the postwar, across-the-board boosts in rail rates is scarcely six months old. But the chipping process has started already.

Last summer, for instance, one of the big New York City milk distributors threatened to buy its own trucks and haul everything itself instead of shipping by rail from milkshed to market. Railroads took the hint. Rates on milk into New York dropped sharply.

• **Cans, Steel, Oil**—More recently, southern roads have made cuts averaging 27% in their rates on canned goods. They are proposing a slash of about 30% in the gasoline tariff.

Midwestern roads have made cuts of about 26% in the rates on steel shipments out of the mills around Gary to such manufacturing centers as Peoria, Bettendorf, Moline, and Rock Island.

In Western Trunk Line Territory, (between Chicago and the northern Rockies) railroads have cut deep into the rates on canned goods moving out of Wisconsin, Minnesota, Iowa, Arkansas, Oklahoma, Texas, and other points. These cuts cancel out about one-fourth of the 54% increase in canned-goods rates since the end of the war.

• **More Coming**—And this is only the beginning. Rail men predict that in coming months there will be a flood of item-by-item and point-to-point reductions. Some will be trivial. Others will be tremendously important to big sections of industry.

Next week, for example, traffic executives of the eastern lines will meet to discuss the rates on steel moving out of the Pittsburgh area. Steelmen are betting that the roads will offer at least

a 10% rate cut to shippers who can load cars to a minimum of 80,000 lb.

Later, the Interstate Commerce Commission will hold hearings on a proposed cut of 30% in the rate on automobiles shipped from Detroit to New England and eastern New York. On this haul, the roads are fighting competition from water, trucks, and a combination of the two.

• **Trend Reversed**—Taken together, these cuts promise to reverse the post-war trend in rail rates. Between 1946 and 1949, rates climbed about 60% above the prewar average in a series of across-the-board increases. Now the average level of rates shows a faint downward drift.

The roads still have some horizontal boosts in the works. They are applying for a hike in charges on less-than-carload traffic. And they want increases up to 90% in "head-end" passenger traffic—mail, express, and less-than-carload freight carried on passenger trains. But these increases won't apply to carload freight.

• **Recapture**—The idea of the point-to-point cuts that the roads are making is to recapture freight that has shifted to trucks and water—or to hold freight that is threatening to switch. Roads hope that this will prove the answer to the problem of traffic diversion, a problem that has become more and more painful with each general hike in rates.

In this respect, things are working out very much along the lines that some of the oldtimers predicted when diversion began to be a major headache.

Over a year ago, Ralph Budd, then president of the Burlington Lines, said: "If there could be a breathing spell during which the country had some measure of stability in all wages and other costs—including those of trucks and water lines—individual rate adjustments would be made where necessary to stop the diversion to other forms of transportation of tonnage now being carried by the railroads" (BW—Nov. 27 '48, p.22).

• **Lost Carloads**—If you take a look at some of the recent cuts, you can see how this works out in practice:

Around the middle of 1949, southern roads realized that they were losing out to the trucks on gasoline shipments. In 1947, they hauled 244,000 carloads of gasoline. In 1948, the total dropped to 209,000 carloads. And in the first quarter of 1949, they hauled only 46,000

cars against 53,000 in the same period of 1948. During this time consumption of gasoline in the South was rising.

The roads proposed a set of cuts averaging 30% in rates on gasoline. Truckers protested, and the ICC held hearings. Its ruling on the proposed cut is due shortly.

• **Butter**—In the Midwest, a series of cuts are in the works on butter and dairy products moving eastward. Railroads have seen 20% to 25% of this business diverted to trucks in the past.

Three roads—the Milwaukee, the North Western, and the Burlington—have cut rates on butter between La Crosse, Wis. and Chicago, and between Winona, Minn., and Chicago. These two cities are important originating points for butter coming into the Chicago market.

• **Short Hauls**—As a general thing, most of the point-to-point cuts that come through in the next year or so will apply to short hauls. On the long trips—600 miles or more—the railroads think they can beat the trucks comfortably on the basis of present rates.

Even on the short hauls, it is going to take real diversion or threat of diversion to make the roads scale down a rate. The carriers are still revenue-hungry. They will save the cuts for the situations where a lower rate will really make a difference in the amount of traffic they get.

Gray Market Coal Is Scarce and Costly

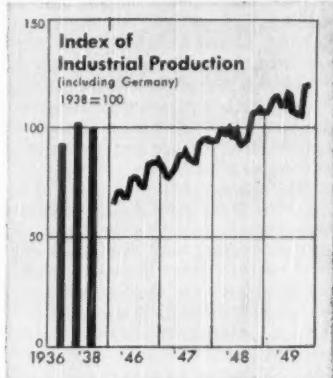
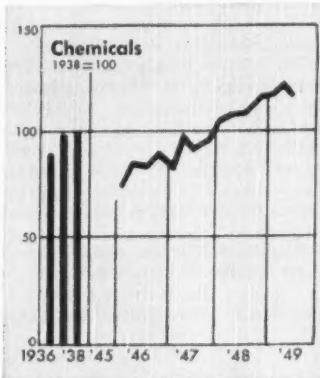
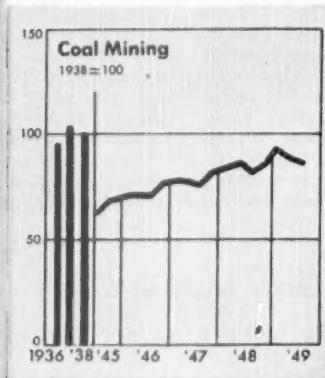
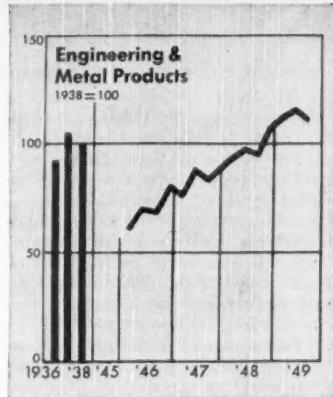
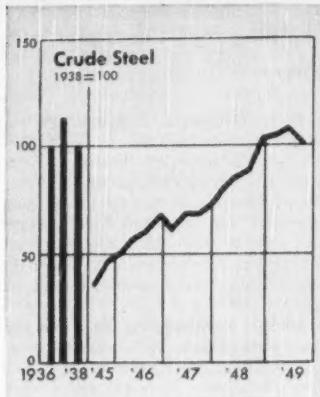
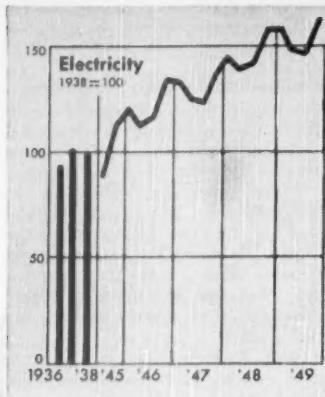
If your factory is running short of coal and you need it badly, you can find some—at a price. There isn't much around, but what there is can be had at premium prices from 20% to 40% above going market prices.

Above-ground supplies from mines which have been tied up by the coal strike are either exhausted or earmarked. The available coal, therefore, is believed to originate in non-union strip mines which have kept operating, or perhaps from small mines which have signed agreements with John Lewis' United Mine Workers.

• **Inflated Prices**—Nut and slack coal for factory operations has been selling in the Midwest at prices clustered around \$5 a ton. Offerings of 3/4-in.-lump, run-of-mine coal have been made this month at industrial centers for \$7 a ton. Some nut slack has been moved, say trade reports, at \$6.25 a ton.

Quantities available, even at these inflated prices, are definitely small. Sales are being made only on the basis of tonnage available at once, without any promises of future deliveries at any price.

ECA so far: Industrial output is rising...



PRODUCTION has risen in western Europe, as measured by OEEC. If West Germany were excluded, rise would be even greater.

ECA at Midpoint: Not Going as Hoped

How has the U. S. taxpayer made out with the \$9-billion he spent for the first half of the European Recovery Program?

That's a question plenty of congressmen will be asking Paul Hoffman during the next month or so. Next week Hoffman will go to Congress to get \$3.1-billion for ERP's third year. And Congress will expect an accounting of the first two years.

Hoffman's answer will have a dark as well as a bright side:

On the bright side, Hoffman can point to the recovery of production in western Europe since 1947 (charts). Two years and \$9-billion in U. S. aid have boosted western Europe's annual output of goods and services by \$30-billion. Every ERP country, except Greece and West Germany, is now producing more than prewar.

On the dark side, Hoffman will have to admit: (1) That western Europe won't be able to get along after 1952 without U. S. aid of some kind—though Europe's dollar gap will be way down from the \$8.5-billion total of 1947.

(2) That western Europe hasn't done much to put trade on a competitive basis or make currencies convertible.

• **Nations Report** — Marshall Plan countries made a 378-page report to Washington last week; it tells the whole story behind Hoffman's accounting. Besides the news about production increases, it has other good news.

Despite an estimated 25-million increase in population, western Europe today is using no more food, clothing, or other consumer goods than it did in 1938. That means practically all increased production is going into capital investment.

Still you can't disguise the fact that western Europeans figure they will be in the red to the tune of about \$2.3-billion in 1952. And even that estimate is based on a lot of ifs:

If the U. S. continues to follow a low-tariff policy, Marshall Plan countries hope to boost their exports to the U. S. and Canada by at least \$450-million or 40% by 1952.

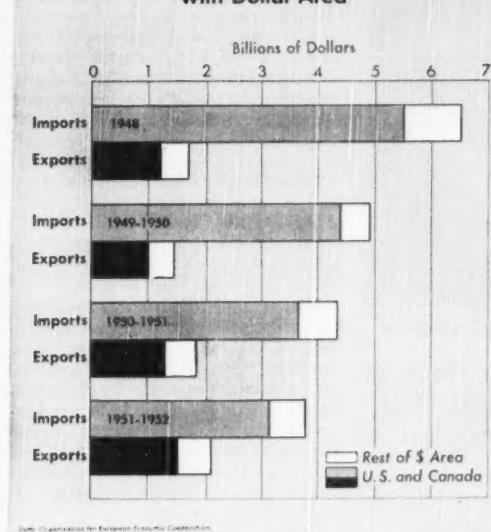
If U. S. business activity doesn't fall below the mid-1949 level, Europeans fear that even a minor recession in the U. S. will cut into their dollar earnings, especially from basic raw materials.

If U. S. aid continues, The Europeans are counting on \$3.1-billion for fiscal 1950-51 and \$2-billion for 1951-52.

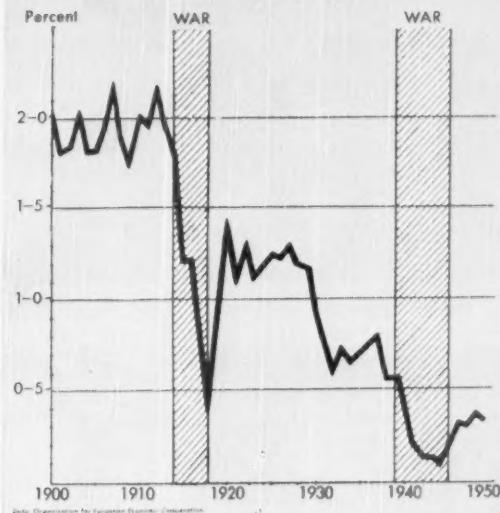
• **Exporters Hit**—But no matter how optimistic you are, the outlook for some U. S. exporters is gloomy. ECA officials and western Europeans agree

...But no closing of the dollar gap is in sight

Trade of ERP Countries with Dollar Area



U.S. Imports from Western Europe as Percent of U.S. Gross National Product



THE DOLLAR GAP has shrunk, but it can't be closed by 1952. One reason: U. S. imports haven't kept pace with rise in U. S. output.

that cuts in imports from the U. S.—between now and 1952—are the only way to narrow the dollar gap. Europeans figure that \$3-billion is the "hard core of dollar imports" needed to keep western Europe's industrial plant going after 1952. That means that in 1952, U. S. exporters will be selling about \$1.2-billion less in western Europe than they are today.

Europe won't cut back on all kinds of purchases from us at the same rate. Purchases of raw materials will be maintained, at the expense of machinery and manufactured-goods buying.

Machinery and equipment will make up more than 19% (\$938-million) of western Europe's purchases here in fiscal 1949-50. But in fiscal 1951-52 the share will fall to 12% (\$484-million). In the same period purchases of iron and steel will drop off 50%, petroleum products 20%.

But in 1952 western Europe will be spending as many, or even more dollars, on raw cotton, crude oil, and copper. The shift in pattern is a sign that western Europe's investment programs have passed their peak.

• Sad Alternative—It was hardly an objective of the Marshall Plan to cut off export markets for U. S. manufactured goods. But the only alternative is to go on financing exports with taxpayers' money. If the U. S. scrapped its

tariff wall, or if the Europeans could lick their productivity problem within two years, perhaps trade could be balanced at a higher level. But it will take more than the critical two years for either to happen.

• Something for Congress—Western Europe's prospects won't go down well in Congress. Hoffman knew that long ago. That's why he has been hammering at the Europeans to start tearing down their own trade walls. Hoffman admits that this won't affect the dollar gap at all within the next two years. But he and most other Washington officials are convinced that western Europe will have to liberalize its trade policies to compete in dollar markets.

• Disappointment—Hoffman is frankly "disappointed" at the progress western Europe has made toward what he calls "integration." Here's what he hoped to have by now:

(1) A commitment to do away with import quotas altogether;

(2) A plan to do away with dual pricing—where export customers have to pay more than domestic customers;

(3) A currency union scheme that would lead to convertibility of currencies within western Europe.

Hoffman did get the Europeans to scrap import quotas on about half the trade they do among themselves. But he made no headway against dual pricing.

The British, for one, insist on keeping up the subsidy to domestic customers to protect their internal economy.

And Hoffman hasn't sold his currency union scheme yet. Again it's the British who are dragging their feet. They fear that commitments in Europe will jeopardize their far-flung commitments to the sterling area.

• Free Dollars—Hoffman will keep right on hammering on his integration program. He's asking Congress to let him have about \$500-million from this year's ECA appropriation in free dollars—that is, money not tied to specific commodity purchases. He'll use the money as a dollar reserve for his currency union scheme, if the Europeans finally agree to set it up. Failing that, he will use it to reward those countries most willing to take the risks involved in lowering trade barriers.

• Fight Ahead—On Capitol Hill, Hoffman will have his hands full. He will face those who think it's time to turn our backs on Europe and start spending money in Asia; also those who think foreign aid should mean getting rid of surplus potatoes and dried eggs.

His toughest opponents will be those who honestly want to economize. Nobody can say what the minimum amount is that ECA can get by on. Hoffman believes firmly that too little would be worse than nothing at all.



FRANK PACE, the money man



CHARLES MURPHY, the speechwriter



OSCAR CHAPMAN, politics maker



JOHN STEELMAN, handy man

Who's Who Around Truman

The men closest to the President now aren't old cronies. The new braintrusters claim no high-voltage thinking power. But they're important because they get there first and oftenest.

Critics of President Truman like to say that the men he leans on are the old soldiers of Battery D—Truman's World War I cronies.

This just isn't so. Of course, two of his buddies, Treasury Secretary John Snyder and his military aide, Gen. Harry Vaughan, are still in the official family; Snyder especially has Truman's confidence on taxes.

• **Old Faces Gone**—But the old gang's influence isn't what it used to be. The men who make up the Truman brain

trust today aren't from Missouri. Some of them have come up in the ranks of government service; some are holdovers from Roosevelt's Administration; and others are newcomers Truman, himself, has developed.

These men grant cheerfully that there isn't a genius among them; rather they look upon themselves as fact finders for the President; he makes the decisions on his own.

• **Who's Who**—Run down the list of people in the cabinet, in the agencies,

and in the White House secretariat and you come up with these as the men who are in closest day-by-day contact with the President, and who figure importantly in presidential actions:

Charles S. Murphy is the President's special counsel. He took over Clark Clifford's desk—just a few steps away from Truman's oval office—only this month. A North Carolinian, Murphy is steeped in Democratic politics: he was one of the small crew who worked round the clock in the fall of 1948, whipping up new words and phrases for Truman's hell-for-leather campaign.

He is Truman's No. 1 speech-drafter; he took over the chore from Clifford, as well as the title of special counsel. No great writer, Murphy still is adept at putting on paper the simple words that are Truman's best stock in trade.

Day to day, Murphy keeps pretty busy just checking up on how Truman's program is going in Congress, in seeing that new programs are brought out in good time, and in answering Truman's questions. Murphy would be happy if he could spend a lot more time on Capitol Hill; he was a legislative expert on the Hill for 13 years before Truman brought him into the White House three years ago as an assistant.

Frank C. Pace, Director of the Budget, is just about the most influential person in Truman's entourage. After all, it is Pace that Truman turns to for advice on what to spend more on, and how much more.

Pace has a staff that passes on legislation, says whether this or that bill has the President's approval.

John R. Steelman is usually thought of as a labor expert. He was Roosevelt's top conciliation man, and right now is in the middle of the coal dispute.

But Steelman is just as busy on assignments from Truman in such fields as science, manpower, economics. Since the Council of Economic Advisers was created—and since Leon Keyserling has emerged as the council's strongest voice—Steelman hasn't carried as much weight on economic matters.

But he is running the National

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Security Resources Board, and Truman is having so much trouble getting a chairman for NSRB that Steelman probably will be in charge for some time.

Oscar L. Chapman has no equal among Truman's team when it comes to policy on public power and resources development. The new Secretary of the Interior has been in the Truman political hierarchy—with Agriculture Secretary Charles Brannan and Democratic Chairman Bill Boyle—since the 1948 convention. He was the advance man for Truman in the campaign, and with Brannan he has most to do in developing the Democrats' cry for power, land, and water development.

BUSINESS BRIEFS

Misuse of funds is the charge against the C&O Ry. in a suit by a stockholder, Mrs. Rose K. Strauss. She contends the road was mulcted of several million dollars when it bought stock in the New York Central from Alleghany Corp. Defendants in the suit are Robert R. Young, C&O board chairman, Allan P. Kirby, president of Alleghany Corp., and the two corporations.

First natural gas to flow all the way through Texas Gas Transmission Corp.'s Texas-Ohio pipeline (BW—Apr. 9'49, p28) was delivered at Middletown, Ohio.

Antitrust charges have been brought by Justice Dept. against Parke, Davis & Co. and Eli Lilly & Co. The government says the two monopolized the market for hard gelatin capsules.

Private-public power deals (BW—Feb. 4 '50, p21) are shaping up with eight Missouri Basin utility companies. The Bureau of Reclamation is negotiating four types of contracts, including "wheeling" agreements covering transmission of federal power over private lines, and sales of public power to private companies.

Floyd Odlum's Atlas Corp. will sell its holdings of 40% of the capital stock of Barnsdall Oil to Sunray Oil for \$56 a share. Total price: \$42-million, plus an option for Atlas to buy 750,000 shares of Sunray common at \$12 a share.

New tax dodge by out-of-state cigarette suppliers is supposed to get around the federal law requiring them to furnish states with lists of their customers. Idea involves a purchasing agency in the suppliers' state. Customers appoint the agency to do their cigarette buying (the fee is \$1 for two years). That way the cigarettes are only sold intrastate, and, the companies think, are outside the federal law.

TECHNOLOGY

Weather: Can We Control It?

Not entirely. We'll never be able to turn rain on and off at will. We may be able to make some rain that would not otherwise have fallen. And we already can prevent some storms.

New York City has been plagued all winter by an acute water shortage (BW—Dec. 3'49, p31). So this week Commissioner Stephen J. Carney of the city's Dept. of Water Supply, Gas & Electricity traveled up to Schenectady.

His object: to talk to Dr. Irving Langmuir, General Electric's Nobel Prize scientist, about the possibility of making rain artificially to fill the city's vast reservoirs. Maybe it can be done; maybe not, nobody knows yet.

• **Facets** — Actually, making rain fall where none would have fallen naturally is only one facet of what man is doing about the weather today. Further, it's the most debatable facet. For many meteorologists doubt that any substantial volume of rain can be forced from a cloud unless that cloud was just about ready to produce on its own anyway.

The other facet is that, under certain conditions, man can prevent rain, hail, or thunderstorms, and can disperse clouds and fog. And some of these things have actually been done.

• **Four Years Old**—It was almost four years ago that Dr. Vincent J. Schaefer, working under Langmuir at GE, first discovered how to produce artificial snow in the laboratory. Then, on Nov. 13, 1946, he produced snow from a cloud over western Massachusetts.

Since then, millions of words have been written on the subject of rain making in particular and weather control in general. Fantastic predictions have been made about what these developments might mean for the future.

• **Prospects**—As of today, here's how the prospects look:

Certain types of weather control are definitely possible. For one thing, damage to crops from hail, cloudburst, and windstorms can be prevented—and have actually been prevented in full-scale tests. For another, it is practically certain that many lightning-induced forest fires can also be prevented, though it has never actually been done; thunderstorms can be headed off by exactly the same methods used for hailstorms. Third, the same technique may eventually lead to control of hurricanes, although that's far from certain.

• **"Project Cirrus"** — Langmuir and Schaefer, and their associates at GE, are

sure that—under favorable conditions—rain can be made to fall where none would have fallen naturally. Last July, "Project Cirrus"—a project to study weather control, sponsored by the Army Signal Corps and the Office of Naval Research, with Langmuir's group as consultants—triggered a rain over New Mexico that totaled, according to Langmuir, 320-billion gallons. That's far more than all of New York City's reservoirs can hold when they're brimful.

Langmuir estimates the chance that this rain would have fallen naturally at less than one in a trillion. Other meteorologists—including some highly placed scientists in the U.S. Weather Bureau—dispute Langmuir's figures on the amount of rain and on the probability of its natural occurrence.

• **Clouds Come First** — Even if Langmuir is right, you will certainly never be able to turn on the rain as if from a faucet, whenever and wherever you want it. You can't get rain if you don't have clouds. Even if you have clouds, they have to be the right kind.

But Langmuir is sure that, if you watch the weather carefully and pick the proper cloud conditions, you may some day be able to increase the total rainfall—boost the drinking-water supply of major metropolitan areas, provide regular rainfall over now-arid land, replenish depleted ground-water supplies in such areas as the southwestern United States.

You may also be able to provide snow cover for winter wheat, or just plain snow for ski resorts and winter-sports areas.

Two other developments have a fair chance: dispersal of fog and cloud banks in the vicinity of airports; prevention of icing on the wings of airplanes in flight. In theory, both are possible; actually, nobody knows yet how well they would work in practice.

Today it is entirely practical to prevent certain type of storms—and that has already saved fruit growers millions of dollars.

• **Case I**—Out in the Rogue River Valley of Oregon, in the summer of 1948, hailstorms mowed down about half of the valley's pear crop; estimates of the damage range up to \$2.5-million. Hail

fell last summer, too—up to two inches deep, with stones as large as marbles. That is, hail fell all around the valley. In the orchards of the valley itself, the pear growers report, not a single stone fell all summer. And the total cost of the 1949 hail-prevention program was about \$15,000.

• **Case II**—United Fruit Co.'s banana plantations in Honduras habitually took a beating when summer cloudbursts and their accompanying windstorms knocked banana trees flat. Last summer the company tried to knock the rain out of the clouds before they could build up to cloudburst size. Though no official results are available, it's understood that damage to the banana plantations was practically eliminated.

How and Why It Works

The key to the whole thing: 32F is not the freezing point of water; it's merely the melting point of ice. Water can exist as a liquid all the way down to -38F. Can, and in clouds, often does.

• **Supercooled**—Most clouds are made up of tiny droplets of liquid water, too small and too light to fall. When their temperature is between 32F and -38F, they're known as supercooled clouds—because, although the water is still liquid, it doesn't take much to make it freeze. Sudden freezing can come about in one of two ways:

(1) The temperature may drop below -38F. This is what happens naturally when the top of a cumulus cloud grows upward into air that cold. Then each tiny droplet turns at once into an ice crystal. Rain or snow rarely result; the ice crystals don't fall any more easily than the

water droplets. Often the wind at this high altitude differs in direction from the wind lower down; then the ice crystals will gradually drift off to one side. Sometimes an entire five-mile-thick cumulus cloud will be dissipated in this way into cirrus streamers, and give no rain at all.

(2) "Sublimation nuclei" may be present. These are foreign particles—ash, dust, spores, and so forth—in the air. When a supercooled water droplet comes in contact with such a particle it freezes instantaneously. Then other droplets freeze out on it to form a snowflake. When there are enough nuclei and when the thermal updrafts in the cloud are strong enough, a chain reaction similar to that in an atomic explosion results: When a snowflake gets heavy enough, it starts to fall through the cloud. As it falls it keeps growing. Finally it breaks apart into several flakes, each small enough to be carried back up. When they in turn get big enough, they fall again, and the process repeats. Thus, one flake becomes two, two become four, and so forth—all in a very short time. The result is rain or snow.

• **Controls**—Correspondingly, the two chief ways to control the weather artificially are (1) cooling below -38F, or (2) introducing artificial nuclei.

• Schaefer's discovery, back in 1946, was that dry-ice pellets dropped into a supercooled cloud would turn the cloud to snow. Reason: The temperature of the dry ice (-109F) causes the water droplets near it to freeze spontaneously; these minute ice crystals then act as sublimation nuclei for other droplets.

• In January, 1947, Dr. Bernard Vonnegut, another GE scientist, discovered that microscopic particles of silver iodide in-

troduced into a cloud would act as nuclei and start the chain reaction leading to rain or snow.

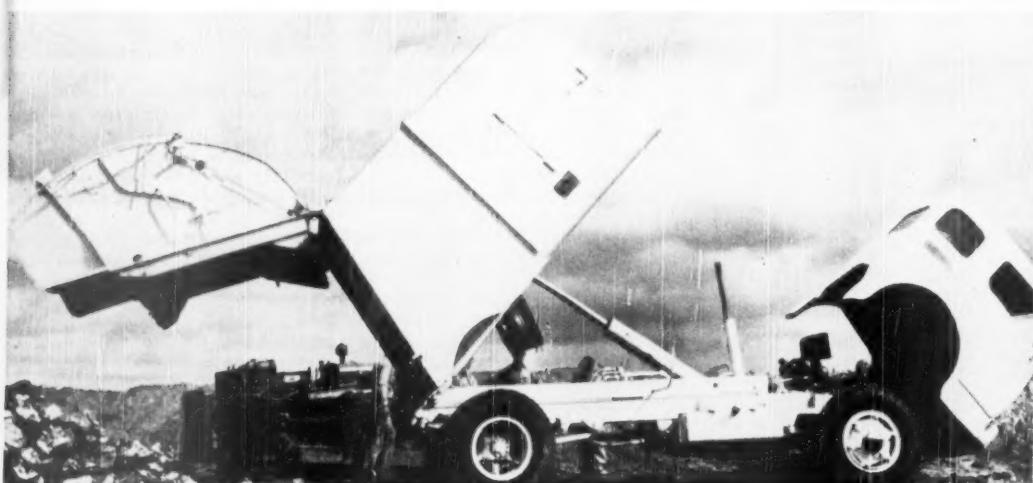
• **Prevention**—These are the two chief methods that are being used today—often both together—in rain-making experiments. To prevent hailstorms, thunderstorms, and so forth, dry ice is used. Here's how:

For such a storm to develop naturally, the cumulus cloud that causes it first has to build up high enough to get into air that's below -38F. If you can prevent that, you prevent the storm.

• **Overseeding**—If you put a surplus of dry ice into the top of a supercooled cloud, you produce a condition known as overseeding: So many tiny ice crystals are formed that there are no water droplets left to form snowflakes around them. But the cloud's natural building-up is stopped; usually the ice particles will drift off as cirrus streamers just as in a normal high-altitude cloud.

So—to prevent a storm, tow an ordinary hairnet full of dry ice through the top of the threatening cloud. This knocks the top off it—no storm. If the cloud starts to build up again, simply knock it down again.

• **Balloon Method**—In the tropics—the United Fruit plantations in Honduras, for instance—the clouds are often not supercooled; that is, the temperature is above 32F. Here you can use a different technique. Tie a long string to the neck of a balloon full of water and drop it into the threatening cloud from a plane. When the balloon reaches the end of the string, its neck breaks, and the water falls through the cloud. As it falls, it breaks up into small drops; when they are small enough, the updraft causes



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them to rise again; as they rise they grow by absorbing the cloud's droplets until they're big enough to fall again; the chain reaction is set up. This causes a heavy, but not damaging rain, and prevents the cloud from building up to menacing size.

Legal Problems

Who is going to do the rainmaking, and who is going to control the rainmaking activities? According to the Stanford Law Review, three major legal problems are involved:

Who owns the clouds and the water in them? If a farmer makes rain for his land out of a cloud that's moving from west to east, what about the rights of farmers to the east who might otherwise have had the benefits of that cloud?

What about liability for damage? If an individual or a city makes rain or snow, who is responsible for ruined crops, burst dams, diminished gate receipts, illnesses from exposure, broken legs caused by slipping on the snow?

Who is to do the regulating—the state governments or the federal government?

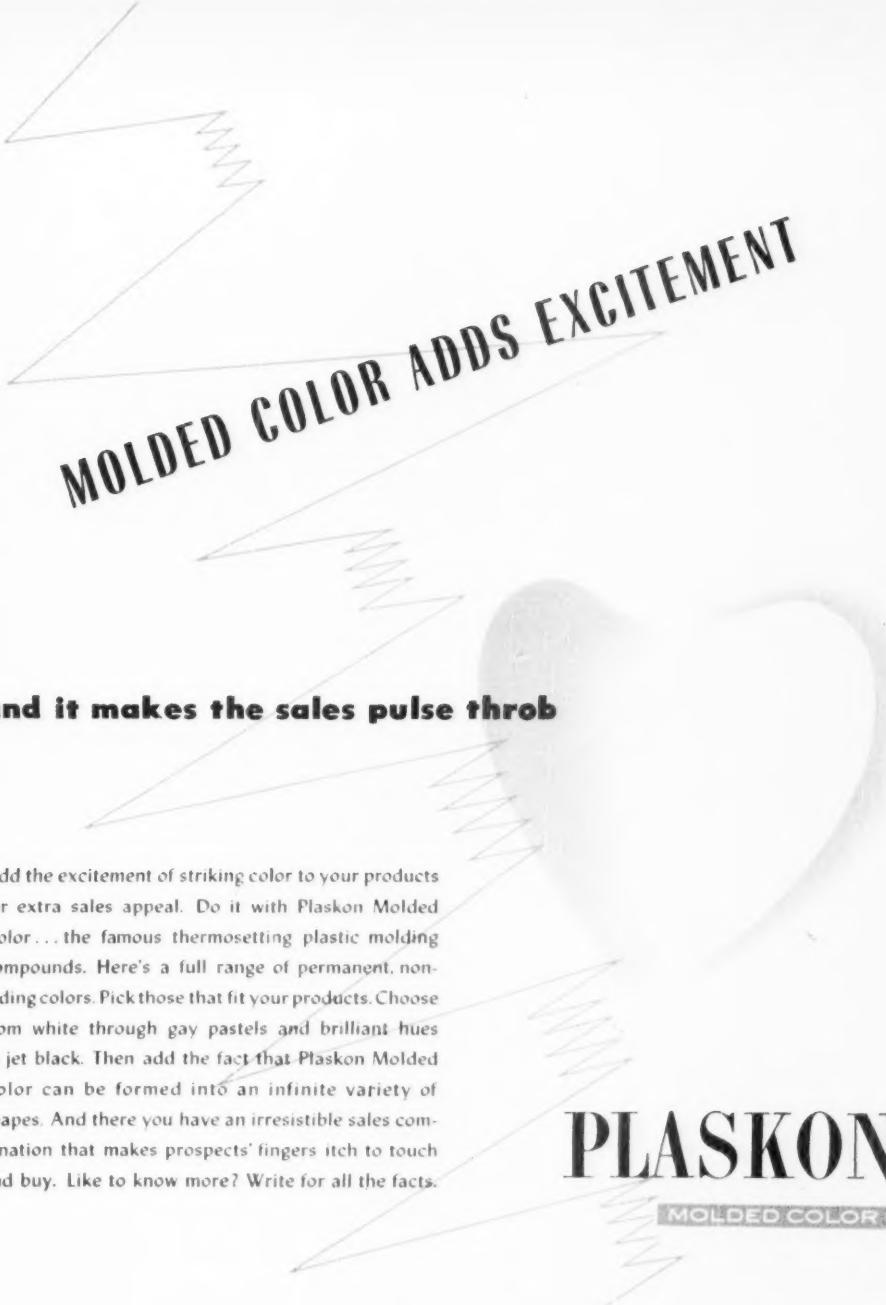
- **Ownership**—The first problem may not even exist. In the first place, most clouds have a very short lifetime—usually not more than an hour. In the second place, many clouds, as explained above, are inefficient rainmakers—they dissipate into cirrus streamers and produce little or no rain. Furthermore, these cirrus streamers shade—and thus cool—the ground; this prevents the formation of new clouds. So making rain out of a cloud may actually cause the formation of new clouds that would not otherwise have existed.

In addition, once a rainstorm has started, it is often self-propagating. The raincloud itself continually picks up new moisture from the air, and continues to produce rain over many miles and often for many days. In the Project Cirrus test in New Mexico, Langmuir estimates that the rain he started lasted three days and fell as far away as Kansas City.

- **Liability**—The second problem—that of liability—is extremely complex. In all probability, new laws will be needed.

- **Regulation**—Since rainmaking may alter the nation's whole weather pattern, it is of interest to the whole community. So control laws, too, will be needed.

For a while, there will probably be considerable bickering between the states and the federal government. But many of the problems of rainmaking will involve balancing the interests of those who want rain at a given time and those who don't. Since any control activities in one state are certain to affect other states, and since one state may be pro-rain while its neighbor is anti, the federal government will have to take over eventually.



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DEPENDABILITY

Shouldering your load...dependably



Write for these Emerson-Electric
Motor Data Bulletins

Appliance and equipment manufacturers, with applications for motors of 1/20 to 5 h.p., can profitably use these authoritative reference guides. Specifications, construction details and performance data are included for the following types:

- No. 327-A Capacitor-Start Motors
- No. 327-B Split-Phase Motors
- No. 327-C Integral Motors
- No. 327-D Fan-Duty Motors
- No. 327-E Oil Burner Motors
- No. 327-F Jet Pump Motors

Your product is superb in design, performance and appearance, it sells readily. But, how about its long-term dependability record? It can be no better than the motor you select to furnish the power. This is a vital factor in buyer satisfaction, and your future. Place this important responsibility on a motor you know you can trust to shoulder the load.

Today, millions of Emerson-Electric motors are "making their appointed rounds" . . . quietly and efficiently powering hundreds of America's most famous products. Many of them, long past "pension age", are deliver-

ing extra years of trouble-free service.

Important, too, is our ability to provide the *right* motor for your job . . . from the most complete line of 5-h.p. and-under NEMA Standard motors, or specially designed motors, utilizing the unsurpassed facilities of our unique TWIN-GINEERING service.

Finally, Emerson-Electric dependability is not confined to motor performance. Plant and organization are geared for dependable deliveries, continuing service. Your inquiry is invited as to how Emerson-Electric can shoulder *your* motor load — dependably.

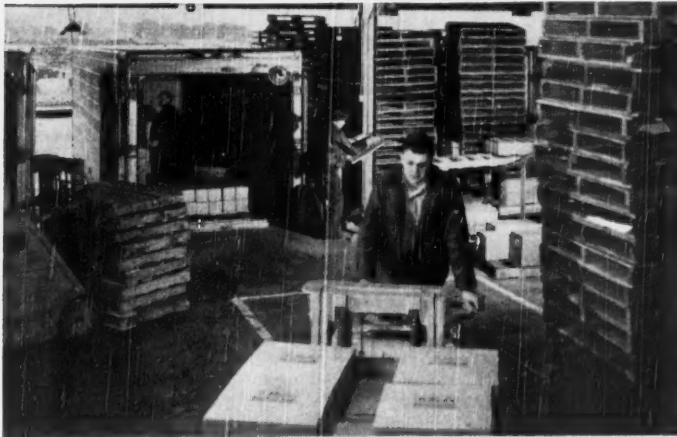
THE EMERSON ELECTRIC MFG. CO., ST. LOUIS 21, MO.

EMERSON  **ELECTRIC**
MOTORS • FANS APPLIANCES

COMPANIES



BACKBONE of the PIE system is its fleet of 300 semitrailers and more than 100 Peterbilt tractors. The tractors, seldom idle, highball freight an average of 540 mi. a day.



MUSCLES are the fork-lift trucks that handle palletized loads. PIE stacks each shipment on its own pallet, or pallets. Less than 0.01% of the goods move without them.

The PIE Way—Coast to Coast

Nine years after it started, Pacific Intermountain Express gets a nationwide truck system by buying Keeshin Freight Lines. Behind growth are mechanization, fast servicing on details.

Railroad men cast a wary eye at Chicago last week. Under the hand of a federal judge, a vast, new motor-freight line was coming into being. Its routes would cover 25,000 miles of U.S. roads from coast to coast; its service

would blanket 43% of the country, an area holding 65% of the population.

• **Joint Product**—The giant to be was the offspring of two truckers—Pacific Intermountain Express Co. of Oakland, Calif., and Keeshin Freight Lines, Inc.,

LOOK INTO THE
LOVELY HOME OF
STERLING NORTH,
BOOK CRITIC AND
AUTHOR, AND SEE
WEBSTER BASEBOARD
HEATING IN A
GRACIOUS SETTING



Floor-to-ceiling bookcases and sun-inviting windows are features of the North home. Webster Baseboard Heating warms every outside wall evenly, including picture window areas. Heating Contractor: Rudolph A. Dill, Brooklyn, N. Y.

Primrose Brook Farm, near Morris town, New Jersey, home of the Sterling Norths, is only 40 minutes from publishers row in New York City. But, here in the woods with trout stream and pond, the author of the best seller, "So Dear to my Heart," finds relaxation, contentment and inspiration for his work.

"We looked at many heating systems," Mr. North says. "We decided on Webster Baseboard Heating because it offers mild heat for 'in-between' weather. We are delighted with the results."

In the North home, Webster Baseboard Heating enclosures are painted to match the color scheme—from pastel shades in the bedrooms to walnut stain at the front entrance from the pond side.

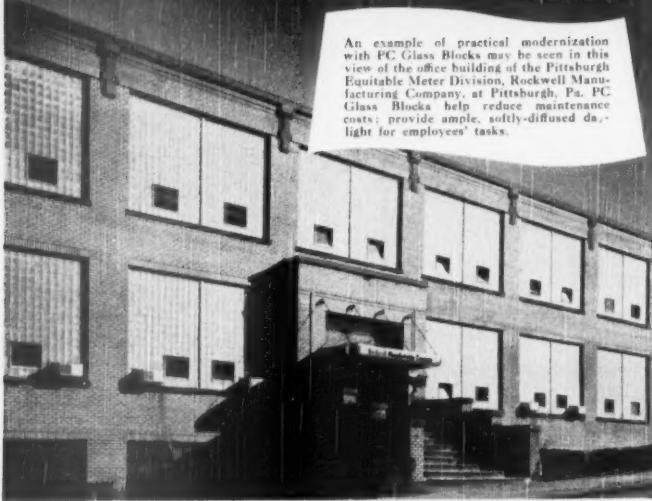
Booklet "Questions and Answers about Webster Baseboard Heating" and descriptive literature on request.

Address Dept. BW-2

WARREN WEBSTER & CO.
Camden 5, N.J. Representatives in Principal Cities
In Canada, Darling Brothers, Limited, Montreal

Webster
BASEBOARD
HEATING

What PC Glass Blocks can do in your buildings



An example of practical modernization with PC Glass Blocks may be seen in this view of the office building of the Pittsburgh Equitable Meter Division, Rockwell Manufacturing Company, at Pittsburgh, Pa. PC Glass Blocks help reduce maintenance costs; provide ample, softly-diffused daylight for employees' tasks.

REPLACING old, worn-out or rotted sash in your buildings with PC Glass Blocks offers many advantages. For example, they help regulate temperature and humidity. That's because PC Glass Blocks have more than twice the insulating value of ordinary windows. Panels of PC Glass Blocks stop infiltration of dust and grit. Thus, they help to maintain product perfection and uniformity; eliminate those factors which retard production. Besides, PC Glass Blocks improve a building's appearance. And their light-transmitting properties reduce eye-fatigue; increase workers' efficiency.

It's hollow!

The partially-evacuated dead-air space inside, gives PC Glass Blocks more than twice the insulating value of ordinary single-glazed windows.



GLASS BLOCKS

The mark of a modern building

Distributed by Pittsburgh Plate Glass Company, by W. F. Fuller & Co. on the Pacific Coast, and by Hobbs Glass Ltd. in Canada.

a Chicago outfit in tough shape. Keeshin, which operates a sprawling system stretching east from Des Moines through the heartland and on to New England, has been in bankruptcy for four years. Pacific, whose lines run from the West Coast to Chicago, has wanted to buy Keeshin. Last week Federal Judge Walter LaBuy said it could.

LaBuy stamped his approval on specific sale terms: PIE pays \$1,675,000 cash to Keeshin trustees, plus \$265,000 (already paid) to Keeshin's note holders.

• **Chance of Hitch**—There's a possibility that at least one of the other bidders for Keeshin may appeal LaBuy's decision. And there's another hurdle: Until the Interstate Commerce Commission blesses it, the deal is on ice.

• **How They Work**—PIE, though a fledgling in the business, has grown swiftly since it was put together in Salt Lake City nine years ago. From what was virtually a standing start in 1940, the company has moved to a dominant position in its zone of influence. In 1949 it pushed 403-million ton-miles of freight between San Francisco and Los Angeles in the West and Chicago.

PIE operates nine major terminals and some smaller ones. The biggest and most modern is in Chicago, a \$650,000 plant that will berth 56 big line-haul trailers at the same time. Others, smaller but fully mechanized and some even air-conditioned, are at St. Louis, Kansas City, Denver, Salt Lake City, Oakland, and Los Angeles.

How can a single, integrated company improve coast-to-coast service? PIE men cited one example to the ICC examiner. In Chicago, through freight from PIE's western points loses an average of 69 hours in the complicated process of unloading, reloading, and finding a dock that will handle the stuff. In Kansas City, a PIE through point, the average loss is 4½ hours.

• **Mechanized Handling**—PIE has also invested a wad of money in mechanization of freight handling. That smooths the flow of freight, facilitates tracing of shipments, and speeds the processing of claims. In contrast to those line haulers who insist that L.T.L. freight can't be handled on pallets, PIE has palletized all its major docks 99.9%.

It's not unusual on PIE docks to see a single-package shipment the size of a hat box leave the semitrailer on its own pallet, held majestically aloft by a forklift truck that could heft a piano. Every shipment has its own pallet—or pallets, if more than one is needed—and is given a code number as it hits the dock.

The ingenuity of the unloaders has been sharpened to such a fine point that less than 0.01% of shipments fail to wind up on pallets. At the Chicago dock, PIE figures the cost savings of mechanization and modern design at

Pittsburgh Corning Corporation
Dept. K-20, 3017 Fourth Ave.
Pittsburgh 22, Pa.

Without obligation on my part, please send me a FREE copy of your booklet on the use of PC Glass Blocks in industrial buildings.

Name: _____

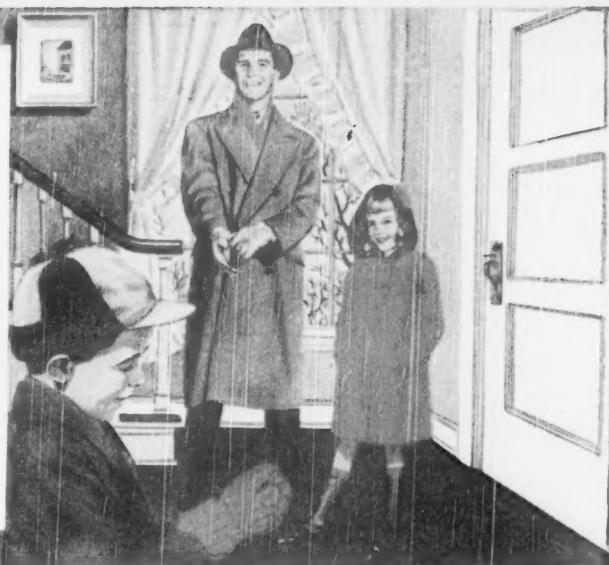
Address: _____

City: _____ State: _____

You can guard against **COLDS**

Most people probably average 2 or 3 colds a year. According to the United States Public Health Service, it has been calculated that time out due to colds costs working people in the United States at least \$420,000,000 in lost wages a year.

To help guard against colds, it is wise to dress in accordance with the weather. Below are other simple common-sense precautions that may also help to reduce the number and severity of colds.



1 Keeping in good physical condition may help ward off colds. Infection frequently occurs when body resistance is low. To help keep resistance high, it is wise to get plenty of sleep and exercise, to eat a nourishing diet, and to avoid exposure to bad weather.



4 If fever accompanies a cold, call a doctor at once! If temperature goes up it may be a sign of influenza, pneumonia, or some other serious condition. Getting immediate medical attention permits the prompt diagnosis and treatment that give the best chance for rapid recovery.



2 Treating a cold promptly may prevent other illnesses. Colds often lower the body's resistance to other infections such as influenza or pneumonia. The longer a cold goes unchecked, the weaker the body's defenses may become. Early treatment may help prevent such weakening, and also speed recovery from the cold itself.



5 If you have frequent colds, ask your doctor about influenza vaccine. Medical science has developed a vaccine, that has proved helpful in many cases against some types of influenza. If you are especially susceptible to colds, or if influenza might be more serious than normal in your case, the doctor may advise immunization.



3 Simple methods of treating a cold are often helpful. While there is still no quick sure cure for colds, many doctors recommend 3 things to do when you "catch a cold":

- Get as much rest as you can—in bed if possible.
- Eat lightly and drink plenty of fluids.
- Cover your coughs and sneezes, and try to avoid close contact with others so they won't get your infection.

6 Keep alert for possible warnings of pneumonia, such as fever, a persistent cough, or pain in the chest. Today, treatment with sulfa or penicillin can control most cases of pneumonia. For *virus pneumonia* there are other more recently developed drugs which often appear to be effective.

To insure the best results, however, such drugs should be given early. So, it is wise to call the doctor at once, if warnings of pneumonia appear.

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**Metropolitan Life
Insurance Company**

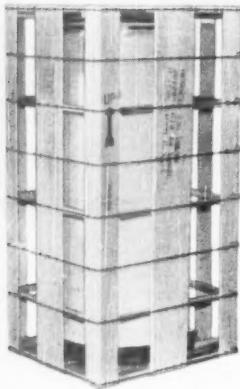
(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



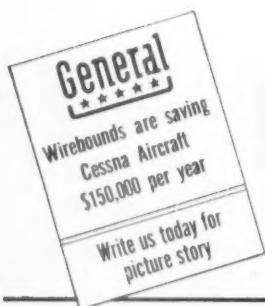
TO EMPLOYERS: Your employees will benefit from understanding these important facts about colds. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

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WRENCHES
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General boxes protect the product . . . cut down loss and dissatisfaction. They are lightweight yet extra strong! They are easily and quickly assembled, providing "the best of protection" for hundreds of American products. We will be glad to help design a more economical, a more efficient container for your product. Write us today for complete information.



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 Company, Inc., Houston, Dallas.



about 5¢ a 100 lb. of freight handled.
 • **Loving Care**—That's one facet of PIE's slant on progressive management practices. Another is care of equipment. Core of the company's line-haul motive power is the 200-hp. Peterbilt diesel tractor. More than 100 of these ply the 10,500 miles of PIE's western routes. Day in and day out, they pile up an average of 540 miles. They're almost never out of service. When engine trouble develops, the engine is yanked, a fresh one installed, and the tractor is back on the job.

For this, PIE has service facilities at all its major terminals. And at Denver, a city that every piece of equipment sooner or later passes through, the company has a general maintenance shop. Here the tractors are overhauled periodically, whether they need it or not.

Another big investment is in semi-trailers, aluminum-skinned vans that cradle up to 42,000 lb. in their 1,900 cu. ft. PIE men look on these highway leviathans as traveling advertisements, and they keep them clean. On the haul from Los Angeles to Kansas City, a trailer might be washed twice.

• **Claims**—PIE salesmen stress such minutiae of service as speed in settlement of damage claims and remitting c.o.d. collections to shippers. One year ago the company boasted that claims settlements averaged 21 days. Now the average has been narrowed to 14 days for claims arising from interline shipments, 10 days if moved exclusively via PIE.

• **It Works**—All this attention to detail has pyramidized the company's revenue to a 1949 peak of \$14-million. Net operating revenue, the company says, was 58% greater than the industry average. Based on tentative figures, its profit will probably be about \$990,000.

In the five years ended 1946, PIE's net after taxes averaged \$51,000. In 1947 it jumped to \$508,955; it jumped again in 1948—to \$940,267.

You can pretty well pinpoint the reasons for the rise. A rate increase, replacement of war-weary equipment, and smart sales work were a few of them. But it happens, too, that mechanization of the docks began in 1947.

• **Threat**—Application of the PIE formula to the Keeshin system could well threaten the revenue-producing leadership of Associated Transport, Inc., New York, the biggest in the business. The Keeshin system was rundown and in the red when the trustees took it over in 1946. The trustees put it in the black, but, as temporary custodians, stopped short of major improvements.

PIE executives have indicated some big capital outlays on the eastern leg of the system if the sale goes through—\$6-million or \$7-million for new terminals, \$3.5-million for new equipment.



SWEET MUSIC in the mountains

If it's power you need,
International is the answer



CRAWLER TRACTORS



WHEEL TRACTORS



DIESEL ENGINES



POWER UNITS

The steady, powerful roar of big International TD-24 Diesels was sweet profitable music to the builders of the "Toughest Inch" pipeline in West Virginia. The pipeliners knew that here was the sound of unfailing power—power that carried on even through some of the toughest going on the globe.

This champion of crawler tractors is just one of a full line of tractors that get their drive from International Diesels. Add to these the hundreds of other machines powered by International engines and the complete line of stationary International Power Units. The total is an impressive testimonial of performance and operating economy.

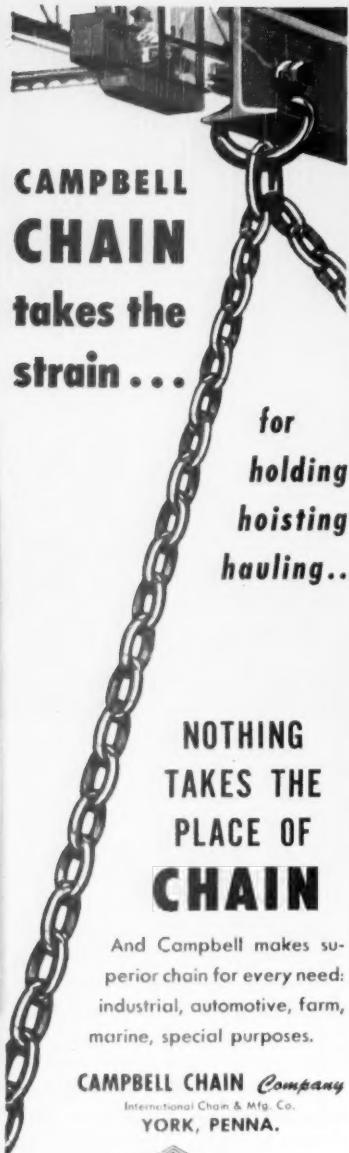
Wherever you need power, check your requirements with your local International Industrial Power Distributor. If you don't already know him, drop us a line and we'll tell you where to find him. He's ready to supply you with power that sings sweet music on any job and adds to profits on the balance sheets. See him soon.

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that Pays



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**CAMPBELL
CHAIN**
takes the
strain . . .
*for
holding
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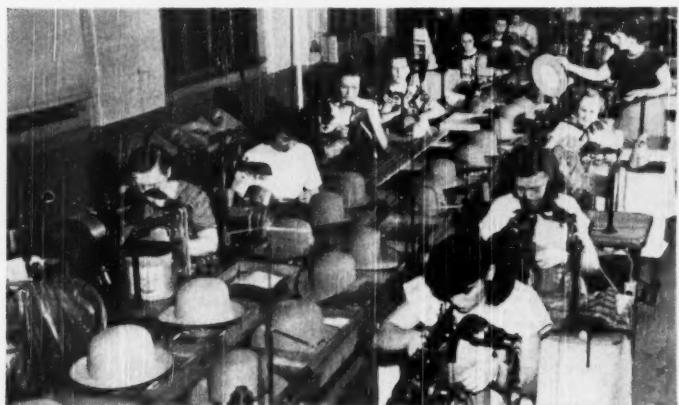
**NOTHING
TAKES THE
PLACE OF
CHAIN**

And Campbell makes superior chain for every need: industrial, automotive, farm, marine, special purposes.

CAMPBELL CHAIN Company
International Chain & Mfg. Co.
YORK, PENNA.



VETERAN CRAFTSMAN still uses his skills to stretch hat over sizing block. Workers like him did the whole hat-making job in the old days, before Stetson took up . . .



"ASSEMBLY LINE." Each girl does one job—sews sweatbands, installs linings, puts on bands and bows, or fastens rim bindings. Result: lower per-unit costs.

Stetson: Glad Hatter of '49

Venerable hat company sold less, made 108% more last year than in 1948. Reason: Big cost-cutting program, in the works for over 10 years, paid off all at once.

John B. Stetson Co. has pulled a rabbit out of its hat. In 1949 it sold 12.8% less than in 1948; it also pulled in 108% more profits.

Stetson's annual report, out last week, showed that 1949 sales dropped to about \$24.5-million. At the same time, its 1949 fiscal-year profit was \$1.6-million.

The showing is even more remarkable than that. Though sales were nearly \$5-million less than they were in the 1947 peak year, 1949 earnings are the best since 1929. This in spite of the fact that higher costs pushed the ratio

of net to sales down to around 6.5%; two decades ago it was 11%.

• **The Real McCoy**—The performance sounds like a fluke. It wasn't. For the big Philadelphia hat manufacturer, it was the natural culmination of a long-range plan. The program limped through the depression, stumbled to a dead stop with World War II, finally crashed through in the postwar years.

The big reform, to keep costs down and the market up, showed up in several ways over the past 15 years:

- (1) Hats took to the assembly line.
- (2) Some competitors were bought



It's open season on general managers

...Too many are being winged or worse in the swamp of inventory.

That's where the besieged General Manager runs into the cross-fire of moving price levels, carrying-cost and sales-service demands.

That's where McBee Keysort cuts casualties by telling him daily...at less cost than any other method:

1. What is and *isn't* being sold.
2. What is on hand...and how long it's been there.
3. What must be bought or made...and when.

The Sales Manager can't plan sales strategy soundly unless orders are coordinated with an inventory kept in proper ratio to other assets. Keysort tells him *what* to push *where*; tells management *when* and *how* to keep inventory in balance.

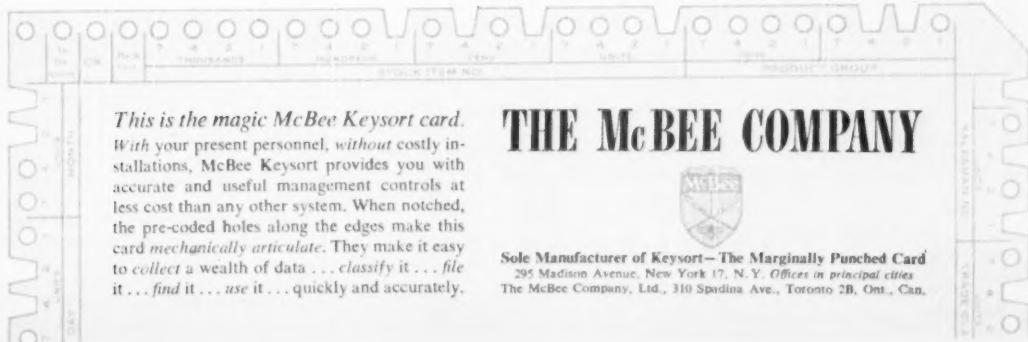
The General Manager is out on a limb if loose production planning ties up too much capital in materials, work-in-process, finished goods. McBee Keysort enables him to adjust purchases and production orders daily to keep inventory risks

at a working minimum.

Business can't afford inventory gambles today. But any business can afford one of McBee's simple, flexible, inexpensive methods of controlling inventory — methods that are helping executives sleep better at night and look younger than their years.

That's why McBee sales have multiplied *sixfold* in just a short time.

There's a McBee man near you. Ask him to drop in. Or write us.



This is the magic McBee Keysort card. With your present personnel, without costly installations, McBee Keysort provides you with accurate and useful management controls at less cost than any other system. When notched, the pre-coded holes along the edges make this card mechanically articulate. They make it easy to collect a wealth of data...classify it...file it...find it...use it...quickly and accurately.

THE McBEE COMPANY



Sole Manufacturer of Keysort—The Marginally Punched Card
295 Madison Avenue, New York 17, N. Y. Offices in principal cities
The McBee Company, Ltd., 310 Spadina Ave., Toronto 2B, Ont., Can.

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The Engineered Battery

Specially Designed for Mass Distribution

Uniformity of quality is characteristic of Globe-Union batteries regardless of which of the 12 Globe-Union factories produce the batteries. Strategically placed local factories insure lowest freight costs and faster service.



1. Flex rubber bushings absorb shock, prevent leakage
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4. Double-pour leak-proof seal
5. Life-anchor posts cast in one piece with separator hold-downs
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8. Spintex rubber separators or finest wood individually corded
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10. Pebble-coated interlocking v-shaped grid bars
11. High tensile strength container
12. High foot rests for plates



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Mineral Ridge, Ohio • Oregon City, Ore. • Philadelphia, Pa. • Emporia, Kan.

out; some old Stetson plants were closed.

(3) New merchandising methods eased up distribution, smoothed over production dips.

Another thing that helped wasn't the result of Stetson planning: Fur prices eased. But that was just one factor in the long hunt for lower costs.

• **From Crash Up**—The story began—as so many do—in 1929. Stetson was riding high, with a profit of \$1.7-million on sales of \$15.3-million. With the crash, high-priced hats took a tumble. Men couldn't afford them.

By 1932, company fortunes were at a low. That year Stetson had a net loss of \$1-million on sales of \$4.6-million. And more and more people went bareheaded.

Stetson called in some new blood to forestall a complete blackout. One of the newcomers was David H. Harshaw (picture, page 44). He came to the company in 1936 to set up a standard system of accounting. He became vice-president in 1945, president in 1947, at the age of 43. Today he is also president of the Hat Institute of America.

• **Streamlining**—The newcomers took a look at the setup. Workers were scattered at separate tables throughout the plant. Each one did a complete job of hat-making. The result was quality all right, but it was costly.

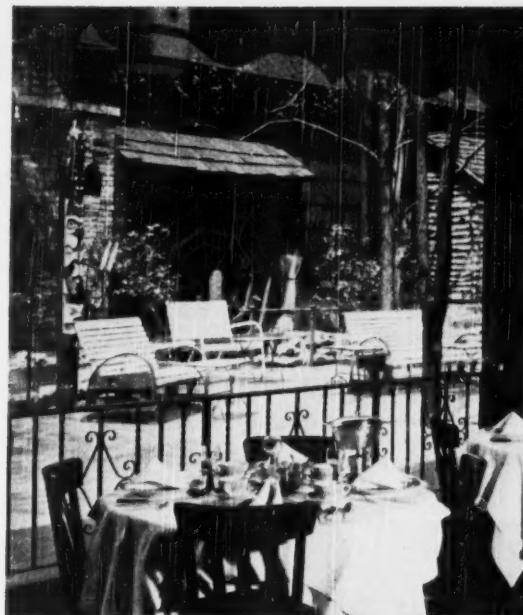
The reformers decided machines could do some of the job. It was possible to set up a sort of assembly line for hats, with workers doing a set task. Veteran employees shook their craftsmen's heads at the goings on. They said machines couldn't do the job right; the company was headed for ruin.

It looked sometimes as though they might be right. All sorts of bugs cropped up in the prewar efforts to streamline. The rejection rate was the highest in history. Clearly, new machinery was in order. Then, just as the company was set to order, World War II broke out, and the machines couldn't be bought. It wasn't till after the war that the machines came through, and the operation started to flow the way it was meant to.

• **Old Plants Go**—The company had another stumbling block to get over—a physical one. When Harshaw came, operations were spread out over 30 acres in 29 buildings in North Philadelphia. There was a lot of waste space.

As a starter in cutting these costs, nine of the buildings were dismantled; metal from them went to the scrap drive in 1943. In the past 10 years, a total of 350,000 sq. ft. of floor space—a whole city block of it—has been abandoned.

• **New Companies Come**—While it has been getting rid of some properties, the



AFTER — *Thermopane* insulating glass windows were installed, and Ivanhoe customers no longer complain of chilliness near windows. And through the larger plate glass panes they get a better view of the attractive courtyard.



BEFORE — Chicago's famous "near northside" Ivanhoe Restaurant captures a bit of old-world charm with a window wall view of the courtyard. But customers at window tables complained of feeling chilly despite continuous operation of the radiators beneath the windows.

GREATER COMFORT for patrons ...LOWER COST for owners

Suppose you had a restaurant already renowned for good food and pleasant atmosphere—so renowned that you had to crowd customers up close to the windows.

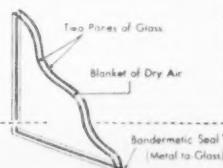
What would you do to make window tables comfortable in winter?

The Ivanhoe Restaurant found the answer in *Thermopane** insulating glass. The blanket of dry air sealed between two panes of glass insulates against the cold, eliminates the "low-

comfort zone" near windows, and cuts heating costs. And in summer, the air conditioning system operates more economically because *Thermopane* repels outdoor heat.

Does that give you ideas on how you can open up more usable floor space in winter, cut fuel bills and air conditioning costs? If so, there's a man you ought to talk to. Call your Libbey-Owens-Ford Glass Distributor for more information and prices on *Thermopane*. Or write to us direct.

FOR BETTER VISION SPECIFY **TERMOPIANE**
MADE WITH POLISHED PLATE GLASS



Thermopane

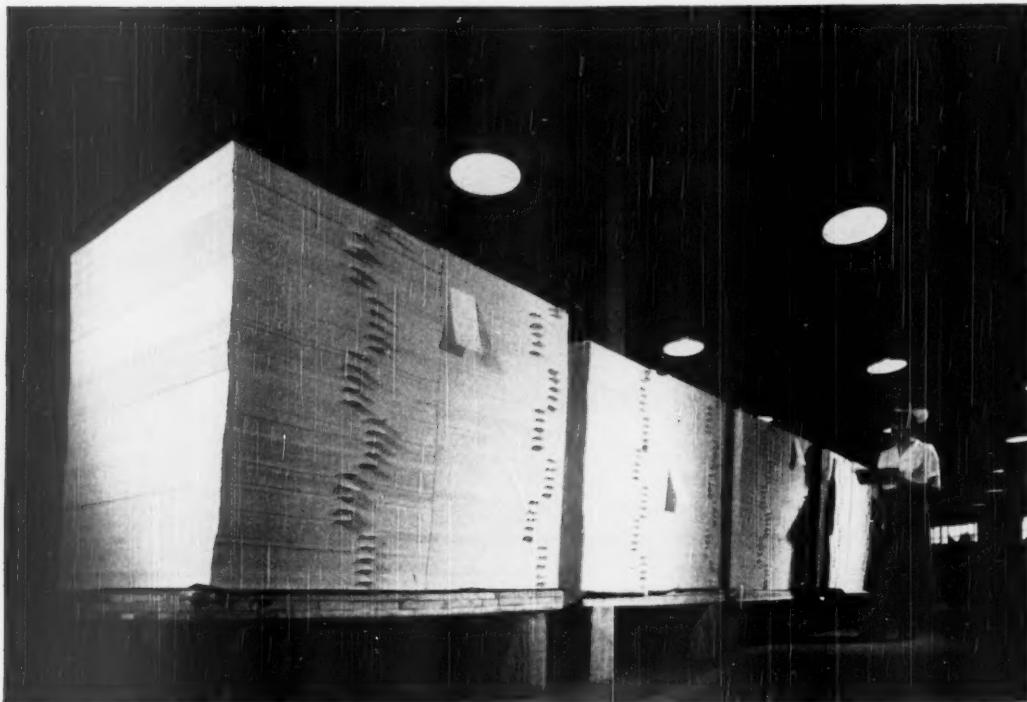
MADE ONLY BY LIBBEY·OWENS·FORD GLASS COMPANY

6115 Nicholas Building, Toledo 3, Ohio

Now—Kimberly-Clark brings you

Premium Papers at Standard Prices!

Four new fully-coated Levelcoat* papers with new fiber . . .
new formula . . . now assure premium quality press performance
and reproduction at the cost of ordinary paper



SHEET STACKS OF 1950 LEVELCOAT READY FOR TRIMMING . . . THEN TO AMERICA'S PRESSES

Before choosing any printing paper—Look at Levelcoat

New HIFECT*

Made with strong sulphate-cooked fibers. Permanence, folding endurance, dimensional stability make Hifect ideal for covers or any fine letterpress printing.

New LITHOFECT*

For finest offset printing, Lithofect provides a moisture-and-pick-resistant coating with a strong base sheet. Renders color prints without loss of density.

New TRUFECT*

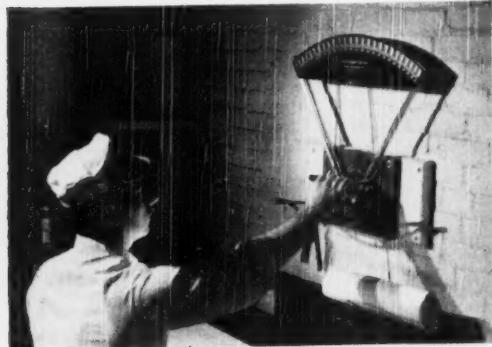
Whiter, smoother, folds even better than before. New Trufect, for letterpress, offers faster setting time, greater press dependability and finer reproduction.

New MULTIFECT*

An economy sheet for volume printing. Now, with the new Longlac fibers, Multifect has added strength, better foldability, greater uniformity.



EVER TAKE A 3-HOUR BATH? The pulp in 1950 Levelcoat does—and gets bleached snow-white in the process. A special new pulp ingredient—a new, superior fiber called LongLac sulphate results in new body strength in these four new Levelcoat papers. It gives them new resilience and never-before-whiteness that springs loose the full flashing beauty of every solid color.



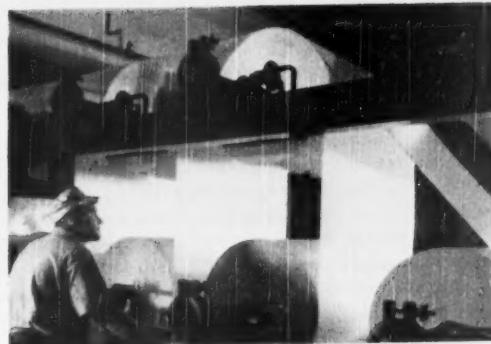
IT'S ON THE NOSE! Sensitive scales constantly check each lot of paper for moisture content. In all, 79 similar checks from tree to press are used to rigidly maintain the original specifications of all four new Levelcoat papers. That's how we know that your purchase of 1950 Levelcoat will give you the press performance and reproduction of *higher-priced paper*.

Now you can make every impression a far better impression—*without* an increase in printing cost! For standard-priced 1950 Levelcoat gives you the press performance and reproduction of *higher-priced paper*!

The secret is the new longer, stronger LongLac sulphate fiber—and Kimberly-Clark's own newly-perfected coating formulation.

You'll see new whiteness and brightness in all four 1950 Levelcoat papers; feel new smoothness of surface texture. In make-ready—on the press—you'll discover new speed and dependability. Finally, in comparing reproduction with that of any other paper, at any price, you'll agree there's a striking new difference in the quality of printing that can be achieved with 1950 Levelcoat.

So regardless of your paper requirements—for broadsides or magazines, catalogs or house organs, long runs or short runs—why pay fancy prices? Now you've found printability at its best in new Hifeet, Lithofect, Trufect, Multifeet. Yours—at the cost of ordinary paper.



ROUND AND ROUND SHE GOES . . . and each roll is adjusted for correct tension. For nothing must endanger the fine surface texture, born of skillfully blended white china clays. In 1950 Levelcoat, the exclusive new coating formulation assures ink of being trapped and anchored uniformly; equal pick resistance across the entire sheet; brilliant colors of maximum tonal density.



SEEING IS BELIEVING. Now you can buy with confidence, print with confidence. For Levelcoat is tested on actual printing jobs before it reaches the market. Reprints of these tests, available to you, tell far more convincingly than a thousand words, how your purchase of Levelcoat will perform. It's proof *before you buy* that 1950 Levelcoat gives you the printability of *higher-priced paper*.

**KIMBERLY
CLARK
CORPORATION**
NEENAH, WISCONSIN

*TRADEMARK



A Blind Spot In Management's Eye

HIGH production, high quality, and low costs—these are the pressing demands that face manufacturers constantly. Production equipment alone will not get them for you. But you can improve product quality and put away a cool saving of 76% on the cost of spoilage, rework, and inspection as one manufacturer did—and without losing a nickel's worth of production. This can be accomplished when Management sees through that "blind spot".

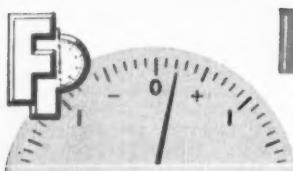
Are you still using tradition-bound inspection methods? This "blind spot" may be sapping your profits—regardless of the efficiency of your production machinery.

The purchase price is no measure of the true COST of a gage. Some gages are low in price but they give you low-grade information: the right type and design of gage more than pays for itself by the scrap and rework it saves.

Let a manufacturer concentrating exclusively on designing gages show you what can be done to eliminate these "blind spots". Write for more information on modern dimensional control. FEDERAL PRODUCTS CORPORATION, 122 Eddy Street, Providence 1, R. I.



One of thousands of Federal INDICATING Gages for controlling dimensions.



FEDERAL

Largest manufacturer devoted exclusively
to designing and manufacturing all types of
DIMENSIONAL INDICATING GAGES.



RELIC of a plant. The lines on the chimney show where Stetson tore down whole blocks of outmoded factories to cut costs.

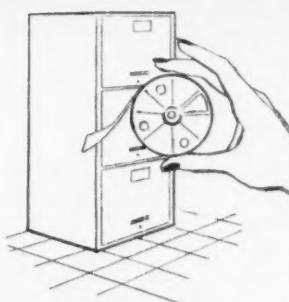
company has been buying up others. In 1946, Stetson purchased Mallory Hat Co., with two plants in Danbury, Conn. Last year one of those plants was closed—thanks to the same centralized production techniques that were saving space in Philadelphia. Stetson also acquired Emerson Hat Co. Besides the Philadelphia plant, the company operates one at Danbury, another at Brockville, Ontario, and one in New York City—where the millinery division was transferred in 1941.

• **Fur Softens**—One complication was a war baby. Stetson couldn't get the imported fur that it used exclusively—U. S. varieties won't do the job. So for the duration, the company went to work on parachutes and other war jobs. Now it is again one of the largest users of rabbit, hare, coney, and beaver fur from Australia, England, Russia, and the Argentine. And the fur market has softened; some types cost 20% less than their postwar peaks, though they are still 10% to 12% above prewar prices.

• **Market Hunt**—In another respect, World War II did the hatters dirt. They were counting on the armed forces to cure the American male of the bare-headed habit. Instead, it seemed to make him react more violently than ever against a head covering. In 1947, hat sales were sinking so fast the industry was on the edge of disaster.

One way to keep from falling off the edge was to cut costs more. Stetson shopped around, found it could buy leather for sweatbands cut to its own specifications more cheaply than it could cut in its own plant. Outside buying was also extended to other types

Burroughs Microfilming means more to you!



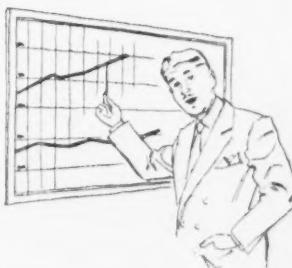
More Space—You can have back 99% of your present file space. Yes, Burroughs Microfilming can compress 100 cubic feet of your files into 1 cubic foot! Imagine, papers that now fill a three-drawer file will fit in the palm of your hand! You can preserve thousands of documents on just one roll of microfilm.



More Time—Burroughs Microfilming saves you ever so much time. Complete microfilming of an original paper—both front and back—can be done in a flash. Check-size documents can be recorded as fast as six per second! One operator can easily record thousands of documents per hour!



More Protection—Burroughs Microfilming gives you more protection, more ways. The photographic accuracy of Burroughs Microfilming protects you from recording or copying errors. And, because microfilm records are tamper-proof, they eliminate the possibility of alteration, extraction or misfiling of papers.



More Profit—Time is money. So are space and accuracy. Save them and you save money. That's how simply Burroughs Microfilming makes more profit for you. Savings in rent, payroll and filing equipment alone more than pay for it. In fact, Burroughs Microfilming amortizes itself in a fraction of its useful life!



Smartly styled recorder—one of the units in a modern line of microfilming equipment built by Bell & Howell, sold and serviced by Burroughs.



TWO IMPORTANT NAMES IN MICROFILM

Burroughs Microfilm Equipment is built by Bell & Howell—an acknowledged leader in the field of fine photographic equipment. It is sold and serviced by Burroughs—for 60 years the leader in better business machines. That means more, too—more specialized knowledge of both photography and business methods to help make microfilming do the best possible job for you. See for yourself. Call your local Burroughs office, or write directly to—

BURROUGHS ADDING MACHINE COMPANY,
DETROIT 32, MICHIGAN

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



New LCL Service SLASHES FREIGHT RATES to West Coast

Clipper "Scheduled Westcoasters" are now operating from loading stations at Chicago, New York, Philadelphia and Baltimore, to destination terminals at Los Angeles, San Francisco, Portland and Seattle. Clipper also maintains service from hundreds of points located in 23 eastern and mid-western states to all points in the states of California, Oregon and Washington.

SAVINGS AS HIGH AS 55¢ PER HUNDRED POUNDS—

All Commodities Handled

Clipper Westcoasters are not a daily service. Cars leave every other week and the substantial savings that can be effected by this deferred service are passed on to you. These savings run as high as 55¢ per hundred pounds depending upon commodities and volume shipped.

WHAT CAN Clipper Westcoasters SAVE YOU ON YOUR COMMODITIES?

Send us a copy of your bill of lading or a list of the commodities you ship and we will indicate our rates. Compare these Clipper rates with those you are now paying and see for yourself the savings which Clipper "Scheduled Westcoaster" Service can effect for YOU! Do it today—we'll send rates by return mail!

**"Clipper Westcoasters . . . a
new service by an old Company"**



Clipper Tarloading Co.

General Offices:

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LOADING TERMINALS:

NEW YORK: Pier 49, North River
PHILADELPHIA: Ontario and Trenton Sts.
BALTIMORE: Mt. Royal Ave. and Oliver St.
CHICAGO: 1615 S. Lumber St.



PRESIDENT HARSHAW is prime mover in streamlining drive. He believes in . . .



HATS ON for all. Receptionist shows off 10-gallon model to Stetson-hatted salesman.

of trim, came into full bloom during 1949.

Another way is to make people hat conscious. Though spring bookings for 1950 are still far below a year ago, Harshaw thinks industrywide advertising will keep orders coming. As at other hat companies, the promotion even goes to the point of signs in the Stetson reception room, warning salesmen that their chances are better if they come hatted.

Foreign sales in 1947 totaled \$30-million. But for the last two years, the dollar shortage abroad has been a sales pincher. Licensing agreements have recently been concluded with companies in Colombia, Great Britain, and Mexico, to make hats to Stetson specifications.

• **Stocking Up**—A couple of months back, Stetson threw a bombshell into the hat trade. In the ordinary way of things, hat makers manufacture their goods only when retailers order them. Stetson has changed all that. It is now stockpiling best-selling models. It has put \$500,000 worth of them in stock, in eight colors and 12 sizes. The seller benefits from quick delivery. And the stocking helps eliminate valleys in the Stetson employment curve, saves overtime to fill rush orders.

• **Ten-Gallon Hat**—The most popular Stetson style today is the \$10 Whippet, which, Stetson claims, is the largest selling hat in America. But, in concentrating on stock models, Stetson hasn't forgotten the "10-gallon" hat that is synonymous with the Stetson name. A whole department is still devoted to turning them out, at prices ranging from \$13 to \$100. The most expensive are of beaver-belly fur.

The Western hats have a big following. Some owners send them back to the plant as often as seven times for

cleaning. Some last a lifetime. When shipped, they have flat rims. Men in different areas curl them differently. People who know ranch life can tell where a man hales from by the set of his Stetson.

One of the favorite stories around the Philadelphia plant is about the time a sales manager delivered a new hat to Tom Mix just as the cowboy movie star was about to take a bath. Tom grabbed the hat, wore it under the shower, curling it to his taste. Then he came out and set it on a table to dry. "That's the best way to shape them," he said.

• **Founder Goes West**—In fact, it was the Western hat that really got Stetson going. Founder John B. Stetson, born in 1830, had just about grown up when doctors told him he would die young, of tuberculosis. He headed for the Far West (Illinois, in those days).

He joined an expedition to Pike's Peak and found the rugged life just the thing. But rains and snows were a problem. As a lark, he made a large felt hat from fur felt to protect his head. A wealthy pioneer saw it, induced him to part with it for a \$5 gold piece. That was the first genuine Stetson sold; the price was the company's standard for many years.

Well again, Stetson came back to Philadelphia with \$100 in his pocket and set up a hat shop. And the money started to roll in.

• **Solid Position**—The 1949 report shows current assets of \$12.3-million vs. \$11.3-million in 1948; current liabilities down to \$2.9-million vs. \$3.1-million; working capital \$9.5-million vs. \$8.2-million. For Stetson, it was the year of the big payoff. And the company plans to spend \$1-million on capital improvements in 1950.

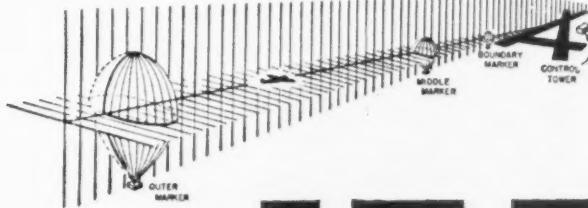
"HAPPY LANDING"



IT&T says it with instruments—in 13 countries!

THE WORLD OVER, I T & T is helping to improve airline schedule reliability in unfavorable weather conditions. The I T & T instrument landing system—known as ILS-2 and made by *Federal Telephone and Radio Corporation*, an I T & T manufacturing associate—provides improved course stability during the approach, due to redesigned localizer and glide slope antenna . . . remote monitoring and control of equipment . . . and other improvements made possible through intensive post-war development.

Result: cleaner courses, cleaner approaches, fewer "missed approaches", simplified instrument landings, permitting *routine operation* of aircraft in all but the most adverse weather.



ITT

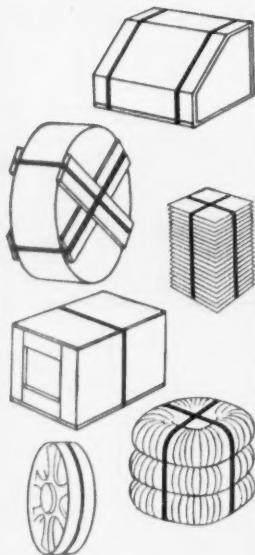
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67 Broad Street, New York, N.Y.

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**Deliver it
undamaged
and easy
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with ACME
STEELSTRAP**

Acme Steelstrap would be a wise investment in customer satisfaction — even if it didn't cut shipping costs for 9 out of 10 users!

For the complete story, mail the coupon today.

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ACME STEEL COMPANY, Dept. BW-20
2838 Archer Avenue, Chicago 8, Illinois

Send booklet "Savings in Shipping."

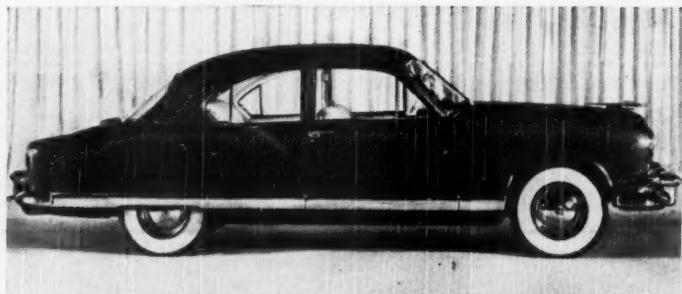
Have representative call.

Name _____

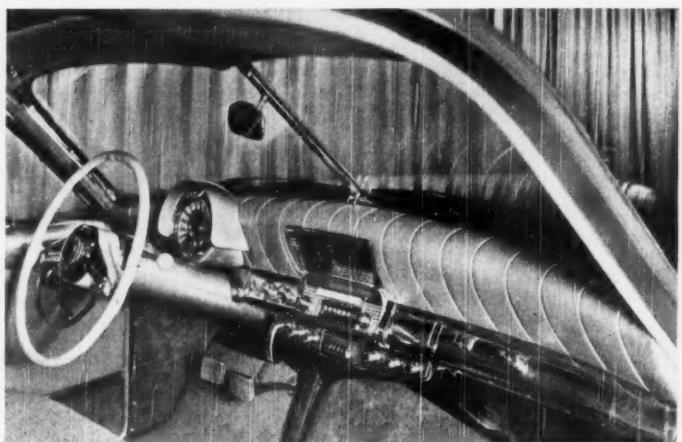
Company _____

Address _____

City _____ Zone _____ State _____



KAISER. This new Kaiser stands only five ft. high, but the company says it still has plenty of headroom inside. It's one of 12 different body styles available in the Kaiser line, including two-door sedans, club coupes, business coupes, which K-F never built before. Design emphasis, says company officials, is on safety as well as looks.



DASHBOARD. Crash-panel on all models of the Kaiser is only one of the new safety features. Others include a 1,096-sq.-in. windshield and a total glass area of more than 3,500 sq. in. Under the hood, a brand new 115-hp., high-compression engine supplies the driving power.



BABY. The still-unnamed, low-priced K-F car has finally got beyond being just a gleam in "daddy" Henry J. Kaiser's eye. A standard-sized car, it's been stripped of all high-cost "frills" such as trunk doors and hardware. You get in to the luggage compartment by folding down the back seat.

K-F's New Cars

On display at Chicago, they're opening eyes with their lines and provoking the question: Who's going to sell them?

Kaiser-Frazer's brand new line of cars is finally here. This week end, for the first time, the public is getting its chance to view them in Chicago.

• **21 Styles**—The whole line will include 21 different body styles, some of which K-F never made before. Kaisers and Frazers have a new powerplant—115 hp., up 3 hp. from last year's model. All body shells have been completely redesigned. And the "baby" car for the low-priced market is ready, too. Company people claim its four- and six-cylinder engines will give more than 30 mi. per gal. of gasoline.

All in all, industry observers think K-F has a line of goods that's salable. On the basis of appearance, they figure it compares favorably with anybody's. But they're wondering about something else that may be a big problem for the company—sales outlets.

• **Where Are The Dealers?**—At its peak, K-F had about 4,400 dealers around the country. Right now it claims to have 3,200, but auto people say even that may be a little high. Besides, few of these dealers know the ropes when it comes to selling automobiles in a normal market.

Kaisers and Frazers are slated to start coming off the line sometime next month. And the small job should follow next June. So the big question is: How are the cars going to get into the hands of the buying public in sufficient quantities?

• **Answer?**—K-F thinks it has the answer. First it plans to cut the number of its dealers still further—to about 2,500. That way the company figures it will weed out all those who don't have the capital or experience to do their job right.

Then it's going to boost its dealer discount. Up to now dealers have been getting about 21.5%. But the company is planning to push discounts to levels that will match the industry average of somewhere near 25%. K-F figures that ought to give dealers enough incentive to go out and sell lots of cars. Most K-F dealers, after seeing the cars for the first time recently, seemed to think that the cars would sell themselves. But less optimistic observers are still wondering.

**IF FIRE
DESTROYED
YOUR
RECORDS
TONIGHT...**

**WOULD YOU BE IN
BUSINESS TOMORROW?**

You might—perhaps. But 43 out of every 100 firms that lose their records by fire never reopen their doors. That's why it's important to you, to make sure that your company's contracts, deeds, accounts receivable and other essential business records are protected. Without these indispensable records you could not continue in business.

Fire Insurance Alone Is Not Enough

To collect fully on fire insurance, you must submit proof of loss. How could you prepare this proof without your business records? And remember, fire is no respecter of places. Some of the most disastrous fires occur in fireproof buildings.

A MOSLER RECORD SAFE

is specifically built to protect your records against fire. It carries the Underwriters' Laboratories, Inc. label, signifying that it has passed rigid fire, impact and explosion tests. No old safe...no safe without the Underwriters' label...can be trusted to perform this vital function.

Whether you're an executive, office manager, purchasing agent, department head...whatever your status, your business future depends on your company records. When you protect them, you protect your own job.

Send in the coupon now for complete details.



Mosler record safe bearing the Underwriters' Laboratories, Inc. "A" label with burglary resistive chest inside, giving protection against fire and burglary.

The Mosler Safe Co.

Since 1848

Main Office and Showroom
320 Fifth Avenue, New York 1, N.Y.

Dealers in principal cities • Factories: Hamilton, Ohio
Largest Builders of Safes and Vaults in the World



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FILL OUT AND MAIL TODAY!

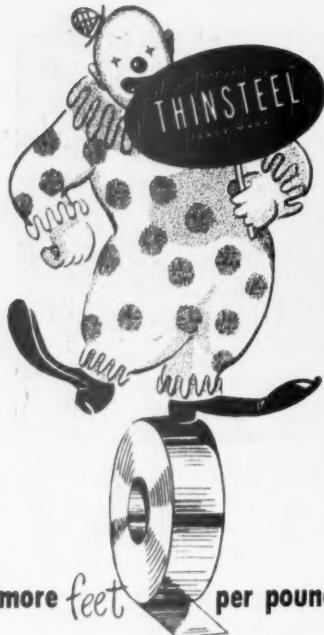
THE MOSLER SAFE CO., Dept. 22
320 Fifth Ave., New York 1, N.Y.

Please send me:

- The free booklet, "What You Should Know About Safes."
 The name of my nearest Mosler Dealer.

Name _____
Firm _____
Address _____
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more feet per pound

And the right step to lowered costs

● Whether you buy cold rolled strip steel in pound or carload lots, if your fabricated product is then sold by the foot or piece you are entitled to expect maximum yield per ton. CMP is well known for consistently delivering the close range tolerance and other precision characteristics that assure more feet per pound—more finished parts per ton; in light gauge low carbon, spring steel, stainless and alloy grades. CMP Thinsteel is the specialty product of a highly specialized organization. We welcome comparison with any other product within our range of regular manufacturing limits.

EXTRA-LONG COILS less downtime
EXTREMELY CLOSE TOLERANCES more parts per ton
WIDE RANGE OF PHYSICALS AND ANALYSES

tailored to your needs
GAUGES AS THIN AS .001"
 strength with lightness



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New York • Chicago • Los Angeles
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MARKETING



MODELS at NADA convention show how to repaint used cars, get them set for . . .



USED-CAR LOTS. But trade-in sales don't bother dealers quite as much as a new . . .

No. 1 Worry: Car Bootlegging

Many dealers, who can't sell their quotas, ship cars to areas where sales are good. There they are sold as new cars on used-car lots—but for less than the franchised dealers get.

The nation's new-car dealers got together in Atlantic City, N.J., last week to talk business and walk along the wintry ocean. On the boardwalk, dressed in bow ties and tan polo coats (with wives in mink), they looked like a prosperous group of businessmen indeed.

Inside the Convention Hall, however, their wailing and teeth-gnashing showed that four years of good business hadn't destroyed their ability to gripe. Much of it (against excise taxes, strikes, manufacturers' trade practices) was nothing more than the usual ritual that goes on whenever the National Auto-

bile Dealers Assn. meets every year.

- **Real Worries**—But a couple of their complaints were more than routine matters. The auto dealers are really worried about two things:

A new kind of "bootlegging" that works like a black market in reverse.

Sagging used-car profits. Things are back to the stage now where a dealer's success in selling his used cars is the measure of his over-all success (BW—Feb. 4'50, p19).

Bootlegging was No. 1 on the worry list. Here's what the dealers say:

You want to buy a new car. You go to the dealer who holds the franchise for your town and price the model you want. Then, just to be safe, maybe, you price the same model at a local used-car lot. To your surprise, you find that you can get the same model, with the speedometer registering only five miles (but it's used) for \$150 less than the franchised dealer wants. You realize that the used-car dealer can't offer much in the way of service, but \$150 is \$150. So you may buy the used-car dealer's car.

What about your car's ancestry? Well, it's only a jump or two away from a franchised dealer's car itself. In some parts of the country, automobiles are getting a little bit hard to sell. That's due to a couple of reasons, say the auto dealers. Some dealers have grown indolent as a result of the easy postwar years.

- **Enter "Customer"**—Then one day a "customer" walks into the showroom and offers to buy 10 brand new cars—at a price not far above what the dealer himself paid for them. The dealer, glad to get rid of his excess stock without loss, closes the deal.

The buyer may be one of a couple of people. He may be a broker operating on a very narrow margin; in that case he won't move the cars himself. He merely lines up a buyer, probably a used-car dealer, in a place where new cars aren't too hard to sell, and tells him where he can pick up the new cars.

Some used-car dealers, of course, do their own scouting. If the dealer owns transport trucks, he will send them to pick up his new cars.

- **Better Yet**—If he's really a sharp operator, he will probably send a group of drivers, each equipped with four used wheels to put on the newly purchased cars. Then, with speedometers disconnected, the drivers bring the cars back to the used-car dealer. He then puts the new wheels back on the cars, connects the speedometers, repaints the exhaust pipes (the heat of driving will have burned the paint off), and the cars are ready to be sold at a price far below what you'd pay for them at a franchised dealer's showroom.

- **Manufacturers Blamed**—Franchised dealers at the NADA convention lay



3 GOOD REASONS WHY SO MANY TOP BUSINESSMEN ARE VACATIONING IN

Southern California

1. The first reason is "business." They're out here to look over the *richest market in the West*. Southern California's 5 million people account for *one third* of the retail sales (nearly 7 billion dollars) and *one third* of the spendable income of *all the eleven western states!* (Shouldn't you investigate this tremendous market for your firm?)

2. The second is "health." Two or three weeks out here in the sun work wonders. Businessmen go back home with a tan on their faces and mountainous worries whittled down to foothills. (Wouldn't it do you good to get away from that cold and snow for a bit?)

3. And the third is "fun." A spin through a dry subtropical land of orange and lemon groves, palm trees, brilliant flowers. A game of golf in the sun. Trips to the ocean, mountains, desert. A look at the radio, television and movie capital, attending the horse races at a famous track. (Wouldn't you like to get in on the fun?)

Mail coupon for 32-page color vacation booklet that describes Los Angeles County and all Southern California in detail. On arrival, visit the All-Year Club's Free Visitors' Bureau, 517 West 6th Street, Los Angeles, for many other vacation aids.

Come out for your "business vacation" right away. You'll find ample accommodations in America's third largest market and America's 4-Season Vacationland.

All-Year Club of Southern California, Div. 2-G2
629 S. Hill St., Los Angeles 14, California
Please send free color vacation booklet "WHAT TO DO
AND SEE IN SOUTHERN CALIFORNIA."

Name _____

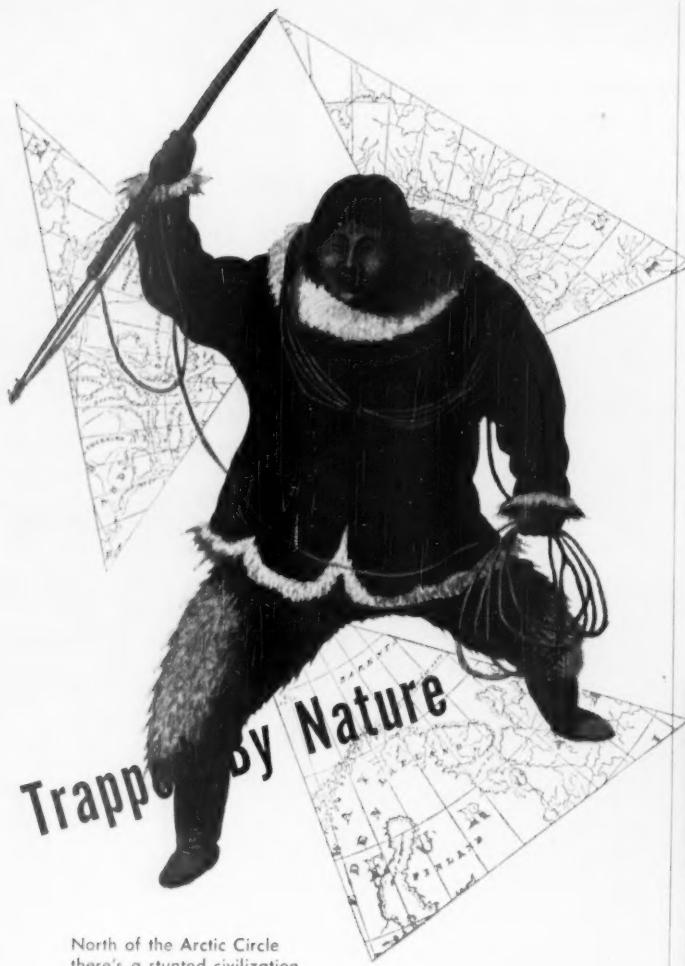
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Zone _____ State _____

PLEASE PRINT NAME AND ADDRESS

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA, LTD. This advertisement sponsored by the Los Angeles County Board of Supervisors for the citizens of Beverly Hills, Glendale, Hollywood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica and 182 other communities. Copyright, 1950, by All-Year Club of Southern California, Ltd.—a non-profit community organization serving vacationists.



North of the Arctic Circle
there's a stunted civilization.
The Eskimo was trapped by Nature!

It is almost impossible for him to plant corn or dig for coal, build factories or set up transportation systems. Ice and snow, blanketing the earth the greater part of every year, bar him from his natural resources.

Half-a-continent to the south, the sun smiles on Mid-America, where Spencer Chemical Company works in partnership with Nature. Spencer takes natural gas, coal, air and water from the Middlewest's abundance and turns them into nitrates to revitalize crop-worn soils — into products to serve Industry, as well.

And life is good in Mid-America!



SPENCER CHEMICAL COMPANY

Executive and Sales Offices:
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FOR INDUSTRY AND AGRICULTURE:

Ammonium Nitrate Fertilizer • SPENSOL (Spencer Nitrogen Solutions) • Anhydrous Ammonia • Refrigeration Grade Ammonia • Aqua Ammonia • 83% Ammonium Nitrate Solution • Synthetic Methanol • Formaldehyde • FREZALL (Spencer Dry Ice) • Liquid Carbon Dioxide.

most of the blame for this situation at the manufacturers' door.

Here's the way they put it in their resolution: "In many areas of the country an oversupply of new motor vehicles exists, which oversupply is attributable to the methods of distribution used by manufacturers, and the selling pressure of their representatives. This entire situation has been greatly aggravated in the past few months by the elimination of the territorial security clauses in some factory selling agreements" (BW—Oct. 1949, p52).

As a result, dealers want manufacturers to "correct their present system of distribution" and restore territorial security clauses (these restrict a dealer in one area from selling in another dealer's territory).

• **Too Many** — While most dealers were complaining that the manufacturers were forcing—or about to force—too many cars on them, a few were still griping about getting too few.

• **Or Not Enough** — One Southwest dealer who has been getting only 70 new cars a year said he could sell more than twice that many; since 1941 his town has grown from 8,000 to 50,000.

In order to get as many cars as pos-



Challenging a Champ

Lower prices and increasing supplies of straight and bonded bourbons are beginning to threaten the popularity of the martini (above, right) and its half-brother, the Manhattan. The challenger: bourbon-on-the-rocks (left) which is merely a shot of bourbon poured over several cubes of ice in an old-fashioned glass, with a twist of lemon peel when requested. The shift to bourbon is particularly noticeable in the East, where before the war rye was more generally in demand.



America's outstanding music leaders appreciate
EKOTAPE'S *outstanding tone*

Everyone knows and thoroughly enjoys the music of Xavier Cugat. His trained and competent judgment of tone quality is professional evidence that further backs the claim of EKOTAPE to high fidelity of tone when he states, "I have been using the Webster Electric Ekotape recorder, and have found it to be one of the best and finest tape recorders on the present-day market."

Whether you're using a tape recorder for music or the speaking voice, true tone quality is of utmost importance . . . you can secure this outstanding quality with EKOTAPE. For proof . . . ask your dealer for a demonstration. If the dealer near you doesn't handle EKOTAPE, write and we will arrange a demonstration for you.

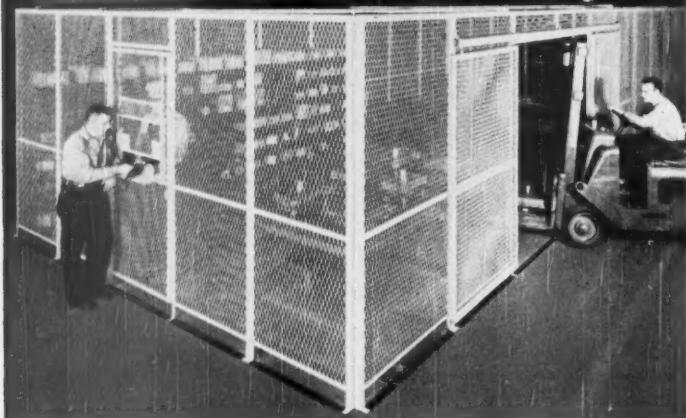
WEBSTER  **ELECTRIC**

Webster Electric Company, Racine, Wisconsin • Established 1909 • Export Dept.
 13 East 40th Street, New York 16, N. Y. Cable Address "Anish", New York City.
 "Where Quality is a Responsibility and Fair Dealing an Obligation"



... describes this EKOTAPE tape recorder and reproducer . . . that features dual channels of amplification • 8 inch quality speaker • fast forward and rewind • instant start and stop • positive erasing • bass and treble tone control • true high fidelity tone qualities. Hear and see these features . . . have EKOTAPE demonstrated. Also available with remote start-and-stop foot control.

WHAT'S THIS?



NEW standard partition panels of **WHEELING** **EXPANDED METAL**



...for quick, low-cost erection of
tool cribs, storerooms, enclosures

IMAGINE building a tool room, storeroom or enclosure to fit any floor plan...without any cutting, drilling or welding...easy to assemble, enlarge or move...burglar and theft proof...complete with all doors, fittings, etc.

You can do this with Wheeling Standard Angle Partition Panels, made of Wheeling Expanded Metal, many times stronger than wire mesh.

Note how the panels admit light and air, reducing heating and lighting expense. Openings for pipes can be readily cut with NO ravelling. Write us for complete information and illustrated catalog.

...Material of a thousand uses.

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Atlanta
Louisville

Boston
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Chicago
New York

Cleveland
Philadelphia

Detroit
Richmond

Kansas City
St. Louis

sible, this dealer is doing his own bootlegging—buying cars in overstocked areas and reselling them through his own agency. Up to now, he has hired a trucker to bring the cars in; but because of the competition from other bootleggers, he's going to buy and operate his own transport trucks in an effort to cut costs.

The manufacturer in this case, says the dealer, not only knows and approves of the bootleg operation, but told him where he could get overstocked cars.

- **Like New**—Turning used cars into money got a lot of attention, too. Much of the display at Convention Hall showed how to make an old car look new enough to attract a purchaser.

Equipment manufacturers displayed pseudo-floor mats that could be sprayed on, methods of spraying upholstery to make it look newer. There was even a bottle of "new car odor" to be dabbed here and there inside the car to make it smell "practically new."

- **Resolved**—The auto dealers passed a lot of resolutions, but no one got really worked up about them.

These included: viewing the Chrysler strike with alarm; recommending repeal of the "onerous" excise taxes now levied on automobiles and trucks; turning thumbs down on FTC's proposed rules governing the time sales financing of automobiles; asking for a larger discount on "component and noncompetitive parts for new vehicles," such as automatic transmissions, etc.; opposing manufacturers' practice of charging franchised car and truck dealers for cooperative advertising.

Ohio Markup Law Boosts Wine Prices

Ohio wine drinkers are now paying anywhere from 20% to 40% more than they used to for their favorite brands. That's the result of Regulation 71 of the state's liquor control laws. It was passed recently by the legislature, and put into effect last week by the Dept. of Liquor Control.

- **In Line**—The regulation sets minimum markups at all levels of the wine business. The wholesaler must add at least a 20% markup to the price he pays for wine; the retailer must add at least 50% per bottle, 40% per case. The liquor control board has also worked up a minimum price for the bottler. He must add at least a 16% "bottling cost" markup.

Ohio's action is in line with that already taken by all the other 16 states with monopoly liquor control. Each has some form or other of minimum markup on wine. Ordinarily, of course, even in the monopoly states that handle liquor through their own outlets, wine

BETTER FEET FOR YOUR FLEET

The difference between right, and not quite right, in the relation of wheels to tires to loads on heavy duty vehicles, can produce a variation in tire life of as much as 60,000 miles. This has led transportation experts who operate large fleets to study their requirements carefully and, with the help of Budd representatives, determine the proper wheel diameters and new rim widths, and then specify those sizes as original equipment.



*Transportation savings
are important to Canada Dry,
operating 900 vehicles.*

This practice has helped to make Budd the world's largest producer of wheels for trucks, buses and tractor-trailers.

Budd provides a complete line. Fleet owners do not have to accept any compromises or "make-do's". Consequently, Budd wheels help owners get longer tire life and keep working vehicles working. The savings they effect can have a decisive influence on a company's profit.

Budd introduced the steel disc wheel in 1919, one of a series of Budd developments which has included invention of the all-steel automobile body, the all-stainless steel, lightweight, railway passenger car and the railway disc brake.



The Budd Company, Philadelphia 32, Detroit 14.

is sold outside the state package stores. (There are some exceptions to this, however: In Vermont, for example, any wine with more than 14% alcohol by volume can only be sold in state-run stores.)

• **Price-Cutting**—Ohio's law was proposed and pressured through the legislature by local wine wholesalers. Their spur: price-cutting, which has become more and more prevalent.

Ohio vintners were also behind the new regulation. For Ohio is a major wine-producing state. But its wines are high-priced compared to California's. Cheap California wines have been shipped into Ohio, bottled there, and sold—particularly to "winos"—for as low as 35¢ a pint. (They will now cost 50¢.) Better California wines also undersell Ohio's wines, which have retailed for about \$1.25 a fifth at the cheapest.

• **Effect**—Other monopoly states that produce wine have met this competition by slapping discriminatory taxes on out-of-state wines. Ohio vintners are hoping that the new price schedules will have the same effect indirectly. They figure that people will simply switch to more expensive wines when they find that they have to pay more for the cheaper brands.

TRUCKS SPEED GOODS

To fight competition from truck lines, the Pennsylvania R.R. is itself turning to trucks.

It has just figured out a way to save time for shippers by extending its pick-up-and-delivery service in the Pittsburgh area. As it stands now, an LCL (less-than-carload) lot destined for one of 25 way stations near Pittsburgh is (1) unloaded at the railroad's Eleventh St. terminal, (2) reloaded into another box car, (3) unloaded at the way station, (4) carted by a Pennsy delivery truck to its consignee.

Under the new system, the Pennsy will simply bypass the 25 way stations in handling LCL shipments. An enlarged fleet of trucks will pick the shipments up at the Eleventh St. terminal, haul them direct to their destinations.

The Pennsy figures that this service will save up to 24 hours. It will also reduce damage claims and save a lot of shunting about of box cars.

MOVIE SIDELINES

It's an old axiom that if you want to make money in a movie house, you'd better start tending the popcorn machine (BW—Mar. 15 '47, p22). And true to the axiom, that's what most theaters have found, according to a survey released this week by Exhibitor, moviehouse trade magazine.

When Exhibitor made its first survey,



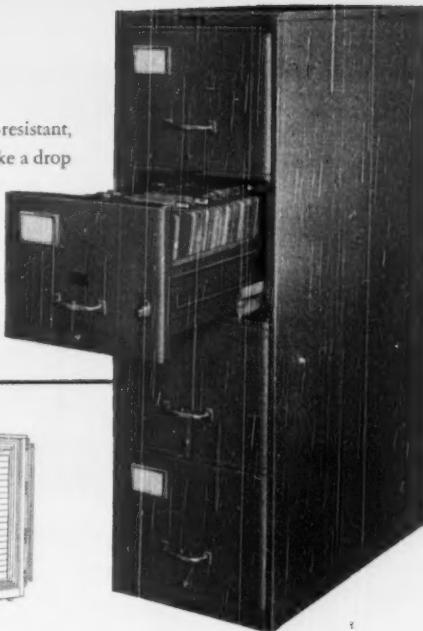
Why I went bankrupt...

I wasn't too worried the day of our fire. After all, I had fire insurance. And I had a good safe to protect my more valuable records. But when the ashes had cooled, there were all my ledgers . . . all my inventory records . . . burned to a crisp! Not a chance of remembering everybody who owed me money, or how much. Not a chance of proving my total inventory loss. Sure, my safe came through the fire—but the records were out of the safe and in use when the flames broke out. No one had time to put them away.

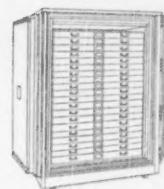
About half of all office fires happen during business hours. So the surest way to protect your vital records is to place them in Remington Rand insulated equipment that protects them at their point-of-use. Typical models are shown at the right. Drop in and see them today at the Remington Rand showroom in your city.

Now... Amazing New Safe-File Deluxe

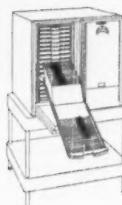
It's brand new—the pride of Remington Rand's complete line of fire-resistant, point-of-use, record protection equipment. It's a *tough* file—certified to take a drop through a burned-out floor, or take a beating from falling debris, and still come through with your valuable papers intact. Boasts two famous certifications: Underwriters Laboratories' "C" label with Impact Certification and Safe-Cabinet Laboratory's 1-Hour label. See it at the Remington Rand office nearest you—four-drawer, in letter or legal size.



Is it a desk or is it a safe? Answer: It's both! Used by all types of companies, from public utilities to retail stores, for fire protection of active records at point-of-use, and greater operating efficiency.



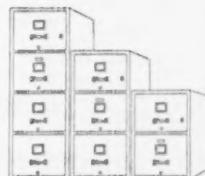
Pay thousands of dollars for highly skilled work, then see the results of it go up in smoke? Not if you safeguard engineering tracings, original maps and plans, advertising artwork, with a Safe-Cabinet designed for valuable oversize papers.



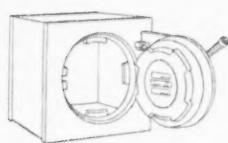
Pity the businessman if the visible records he uses for business control are burned to a crisp. That's why so many executives firmly specify one-hour certified Safe-Kardex Imperial for point-of-use protection. Kardex convenience saves equipment's cost in a short time.



You'll save up to 70% on accounts receivable insurance premiums with Remington Rand Safe-Ledger-Trays (choice of one- or two-hour rating). Placed next to your accounting machine operator, they'll actually pay for themselves, again and again, through greater clerical output!



The heat from even a one-alarm fire can bake the contents of uninsulated steel files in as little as five minutes. Remington Rand Safe-Files protect for at least one hour. Note the 2-drawer desk height model—ideal for home use.



Remember, the word "safe" refers to fire protection only. For burglary protection you need a Remington Rand money chest. This type of equipment will reduce... your burglary insurance premiums, for your insurance company knows no experienced burglar will even try to crack it!

FREE: Informative folder telling how to choose point-of-use record protection equipment to fit your needs most economically. Ask for SC-684. Phone the nearest Remington Rand office or write Room 363, 315 Fourth Ave., New York 10, N. Y.

Copyright 1950 by Remington Rand Inc.

**For your needs
we have no reason
to recommend anything but
the right machines and systems.**

We make them all

**To get More
Business
go where the Business is**

Says Sam P. Angel,
Sales Manager

GRAY KNOX MARBLE COMPANY
KNOXVILLE, TENNESSEE

Producers and Finishers of All Classes of Exterior and Interior
Marble Work. User of Dodge Reports for 10 years.

USE OF DODGE REPORTS HAS ASSISTED US IN SALE OF OUR PRODUCTS
DURING THE TEN YEARS WE HAVE BEEN DODGE SUBSCRIBERS.
WE SCAN OUR DODGE REPORTS VERY CAREFULLY... THEY TELL US OF
CONSTRUCTION PROJECTS THAT INDICATE POSSIBLE SALES OF OUR
PRODUCTS, AND SHOW WHEN EACH PROJECT WILL BE PLACED ON
MARKET FOR BIDS. THIS ENABLES US TO CONTACT ARCHITECTS PRIOR
TO PREPARATION OF SPECIFICATIONS, SO THAT WE ARE QUICK TO
REQUEST CONSIDERATION OF OUR PRODUCTS BY ARCHITECT.

Time your salesmen's calls to meet known needs of your prospects, and you increase selling effectiveness. That is one of the many ways in which Dodge Reports can help you. Wherever new construction creates a market for your product or service, you can use Dodge Reports daily construction news to make each sales action more timely, more effective, more profitable.

ATTACH TO YOUR LETTER-HEAD AND MAIL TODAY

Please furnish me with further facts on how I can use Dodge Reports profitably in my business.

NAME _____

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DODGE REPORTS

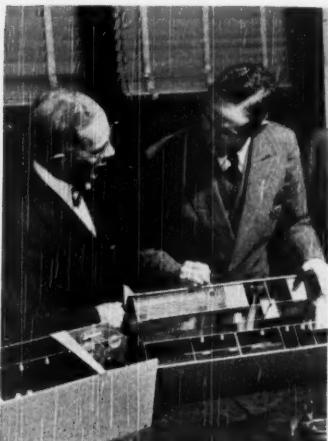
CONSTRUCTION NEWS DIVISION
F. W. DODGE CORPORATION
119 West 40th Street, New York 18, N.Y.

BM-350

in 1947, it found 5.6% of the nation's theatermen violently opposed to anything but motion-picture entertainment within a theater. Every movie house contacted in the 1949 study, however, had some kind of popcorn, candy, ice cream, or soft-drink sales arrangement.

Figures on the number of theaters handling candy and popcorn, the leaders in popularity, haven't changed much since the 1947 study. Candy is now sold in 83% of the theaters, popcorn in 89.6%.

Exhibitor's guess at the theater's annual off-the-screen sales volume: \$225-million.



C. H. Lang (left) and C. P. Fisher, Jr., examine a scale model of . . .

General Electric's Showcase on Wheels

Within the next few months, General Electric Co. will borrow an old idea for a brand new form of promotion for electrical apparatus and controls: It will send an exhibit train around the country. The train, a nine-car job, will house more than 2,000 GE products; they will range all the way from precise aircraft instruments to complex working models of steel mills, textile plants.

The train is being developed by a special division GE has set up, headed by C. P. Fisher, Jr.; it is now in its final building stage. Starting this spring, the train will make stops in principal industrial centers throughout the country, for inspection by utility, industrial, and civic executives. The general public will not be admitted. The three men actively concerned in the promotional idea: Fisher; C. H. Lang, vice-president in charge of sales, Apparatus Division; and J. S. Smith, manager of the Apparatus Division's advertising and sales.

THE MARKETING PATTERN

In 1948, some 15,000 national advertisers tried to get the public to remember and ask for more than 25,000 different brands and company names.

Obviously, consumers couldn't remember them all. In general, the companies that fared best were those that had hammered away tirelessly with big, national advertising campaigns.

What happens to the medium- and small-size companies who sell in competition with the well-heeled advertisers? Must they fall behind just because they don't have the money to promote their trademarks as heavily as their competitors?

These are some of the questions that marketing consultant Victor Lebow stirred up last week in a speech before the Babson Institute of Business Administration in Wellesley Hills, Mass. Lebow had some answers, too.

In today's economy, says Lebow, the trademark has value only in proportion to the amount of advertising you put behind it. It carries little weight when it appears only on the product itself. That means that the smaller seller with only a modest advertising and promotion budget is going to have to find a substitute. Lebow had a couple of examples.

Take the case of the Florida grapefruit growers who, a few years ago, had a whopper of a crop. They sold all they could to the packers and distributors. But they still had too much left.

So the growers decided to pack a little grapefruit juice themselves. And they got the right from Walt Disney to use Donald Duck as their symbol.

When the Donald Duck juice went on sale in supermarkets and groceries, women bought it by the millions of cans. As a result, the Donald Duck brand is well established today. Donald Duck was a recognizable character; consumers knew him; they had a favorable attitude toward him. In short, he supplied all the ingredients of a trademark plus advertising.

Another case—that of a national specialty-shop chain with a problem in merchandising ladies' hosiery—wasn't quite that simple. The chain was doing a good busi-

ness in other lines; but not in hosiery. So it tried a price lure by featuring irregulars at cut prices. This wasn't too successful, even though most of the customers were from families with less than \$4,000 a year.

In solving the problem, these facts were reviewed: Women, regardless of income status, are conscious of style; women are impressed by the very fact of advertising and advertised brands.

So first the chain got together with a manufacturer and drew up specifications for a new line of women's hosiery. Next step was to give the stockings token advertising in a national fashion magazine. This small-space campaign is still going on—and it makes the stockings of this chain "nationally advertised," a fact that can be pointed out in counter cards and local newspaper advertising.

That provided the element of recognition. Even though the women didn't see the national ads themselves, they were impressed by the knowledge that the stockings were advertised on a national scale.

Providing confidence required a different tactic. The chain hired a large, respected testing laboratory to police the merchandise in the stores. Every month, the lab buys stockings in each of the chain's 60 odd outlets, tests them to make sure they're up to specification. As long as they meet the standards, the chain can put the laboratory's seal of approval on the merchandise.

Of course, the chain had to add other elements, too—good packaging, competitive prices, both necessary ingredients of any good marketing campaign.

The important thing about both these cases is that the merchandise sold well without back-breaking expenses. For smaller manufacturers and distributors, Lebow thus offers some provocative ideas on how to survive in the face of ever-increasing competition.

"Marketing," he says, "is concerned with the public relations of the commodities we make and distribute. Therefore, we must examine the possibilities of achieving in new ways what the trademark is unable to accomplish for most business today."

Roll-Easy
Colson CASTERS
Save You Money
4 Ways

- 1 Save man-hours by moving materials faster, more easily.
- 2 Pay big dividends in reduced maintenance trouble and expense, because Colson casters are engineered and built by craftsmen—for years of trouble-free service.
- 3 Prevent breakage of fragile products by smooth handling over all floor surfaces.
- 4 Put an end to floor damage because the load-floating, roll-easy movement of Colson casters won't scratch or mar your floors.

Whether you're interested in one set of smooth quiet casters or a fleet of new trucks, Colson engineers can help you select or design equipment that will answer your materials-handling problem—exactly. Write us, or consult the yellow pages of your phone book (under "Casters" or "Trucks: Industrial") for the nearest Colson office.

THE COLSON CORPORATION
ELYRIA, OHIO

Please send free 68 page catalog
—“Colson Casters”

Name _____

Position _____

Company _____

Street _____

City _____ Zone _____ State _____

THE COLSON CORPORATION
ELYRIA, OHIO



TOP: General view of the protected area.

CENTER: Foam discharge at the rate of 2 in. per min.

BOTTOM: Area covered by 6 in. of foam blanket in 3 min.

it's NEW!



"Automatic" AER-O-FOAM PROTECTION FOR INDUSTRY

For many years fire protection engineers have been faced with the problem of finding a feasible answer to the hazard caused by crowded plant facilities where flammable liquids are involved. Conditions of this type exist in many chemical processing industries, metal working plants, petroleum storage and handling and electric power generation properties. A severe hazard was evident at the Schenectady Varnish Company, Schenectady, N. Y., where fire at the tank car loading racks and storage facilities presented a constant threat to the operation of the entire plant.

Having had a background in the development of all types of automatically operated fire protection equipment, *Automatic Sprinkler* engineers designed and installed the mechanical foam system, test photos shown above, and which is now commercially identified as *Automatic* AER-O-FOAM.

The important engineering advantages of this form of protection are evident in the improvement of drainage conditions, reduction of water supply requirements, non-corrosive action of the foam material, positive fire extinguishment and prevention of reflash. As *Automatic* AER-O-FOAM dehydrates rapidly following application, clean-up operations are held to a minimum.

Insurance authorities are quick to recognize the merits of *Automatic* AER-O-FOAM protection and have accepted it as a major advancement in the science of fire protection.

Benzol plants, flammable liquid storage in use, pump houses, loading racks and many other hazards familiar to industrial operations can now be positively protected through the media of *Automatic* AER-O-FOAM.

"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA
YOUNGSTOWN 2, OHIO

"Automatic" Sprinkler
FIRST IN FIRE PROTECTION
DEVELOPMENT · ENGINEERING · MANUFACTURE · INSTALLATION
OFFICES IN PRINCIPAL CITIES OF NORTH AND SOUTH AMERICA

Too Many Dealers

Thor Corp. is lopping off two-thirds of them. It figures mass distribution is no good for its business.

Should you try for mass distribution through as many retail outlets as you can line up? Or should you pare your list to a few selected dealers?

This has always been a bothersome problem — particularly since the war — for consumer-goods makers.

Last week, having tried both methods, Thor Corp. finally came to a firm decision. Said its president, John R. Hurley: "We're through with the mass distribution method of selling."

He meant what he said. For Thor announced that this year it will cut its total number of dealers from 20,000 to about 7,000. These 7,000 will be "highly selective." Thor will keep its present list of 100 department store outlets.

• **Overboard** — Like other appliance makers, Thor went in for mass selling during the wild and woolly days of the early postwar market. Back in 1941, Thor had had only 8,000 dealers. But its prewar policy changed swiftly under the impact of abnormal demand. Hurley put it this way:

"At war's end, manufacturers found themselves deluged with orders not only from their prewar dealers, but from thousands of new dealers. The demand was so great and the opportunity to sell without effort so insistent that manufacturers and their distributors could not resist the pressure. The result was thousands of new dealers."

• **Not Suitable** — But mass distribution, says Hurley, simply doesn't fit a "normal specialty merchandising structure." Those 13,000 dealers being cut from Thor's list, says Hurley, have accounted for a mere 13% of Thor's business. And he figures that 80% of the nation's entire major-appliance volume is done by only 25% of the dealers.

What's more, Hurley goes on to point out that the plethora of dealers today has led to "flagrant price chiseling, neglect of proper sales efforts, disregard for service, and resulting breakdowns of customer relations." Everyone knew that a dealer shakedown would have to come sooner or later. The surprising thing about Thor's move is mainly that it is so drastic.

• **Troubles** — But then, Thor has had provocation. In 1948 its sales totaled \$35.8-million — \$25-million better than 1941. Then came the big appliance sales slump of last year, and for the first three-quarters Thor sold only about \$18-million worth of laundry equip-

ment as against \$29-million for the same period in 1948. Meanwhile, sales costs went up. For example, Thor now has double the number of men on the road that it had two years ago.

The company's worst troubles came between November, 1948, and February, 1949. Things were tough enough to produce a deficit for the first quarter of the year. Thor's difficulties were reflected in the price fluctuations of its single-tub spinner washer — from \$199.50 earlier in the year to \$229.50 in August, 1948; back to \$199.50 in April, 1949.

• **Improvement**—Sales began to come back in the spring of 1949 and have shared in the general recovery of appliances since (BW—Dec. 17'49, p62). Thor now has moderately good hopes for 1950. Thanks to its new sales setup, it thinks dollar volume will increase about 30% this year over last. In terms of units, the increase will be somewhat less—about 22%—since Thor hopes to up business in higher-priced models.

Thor is also pinning its hopes for a bright 1950 on: (1) an increased advertising budget of \$1 1/4-million—as against \$1-million in 1949; (2) intensive dealer training; (3) modernization of stores.



A Market for Vision

Dow Corning Corp. is eying a new market for its Sight Saver tissues. The company put its eyeglass-cleaning tissues on the market via drugstore outlets a couple of years ago, mainly to familiarize the public with one of the many uses for its versatile silicone compounds (BW—Apr. 30'49, p84). Now the company is offering tissue dispensers for plant and office use. Dow Corning claims that having the tissues available for cleaning glasses contributes to safety of employees.

skylines... by Otis

Puerto Rico is the scene of a spectacular achievement in post-war economic recovery. In just five years, OPERATION BOOTSTRAP has attracted over fifty widely diversified industries; launched the world's largest single housing project of 10,000 small homes at Puerto Nuevo; embarked on a multiple hydro-steam electric power program and a \$25,000,000 water supply and sanitation system for the Island's 77 communities; increased its school, hospital and health services; and furthered a \$25,000,000 a year island paradise tourist program by completing the magnificent 300-room Caribe Hilton Hotel — which joins a fast growing skyline served by 232 Otis elevators.

JOHN BULL DOES IT AGAIN.

England has had the fastest Escalators in the world since 1930. Now it has the longest. Two of them — 170 feet long with a rise of 85 feet — for the new tunnels under the River Tyne. One is for pedestrians. The other, of all things, is for bicyclists!



HOSPITAL ELEVATORS?

They're mighty important in emergencies.

That's why 3,749 hospital elevators are on Otis maintenance. Service is dependable. The equipment is always in excellent condition. And management can stop worrying about lengthy shutdowns and unexpected bills. Everything's covered by a flat monthly service charge. 259 Otis offices are ready to handle maintenance — anywhere!



HOTEL MAN WITH A HALO.

Guests can't help praising the velvety-smooth riding elevators in the Biltmore Hotel, New York. There's scarcely any sensation of movement since the elevators have been modernized by Otis.



ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.

how

ARMCO STEEL CORPORATION

SOLVES ITS "GREATEST CATALOG PROBLEM"

"We have been using Sweet's Catalog Service for 30 years and are now working on plans which will include 8 Armco catalogs to be distributed through Sweet's during 1950.

"We have quite a large number of products that are useful to designers, engineers and architects; and to industrial, production and construction executives. Perhaps our greatest problem is to place the right information in the hands of the right people when they need it. That seems to be the primary value offered by Sweet's.

"We frequently remind prospects where they can find additional information on our products by mentioning in our trade and technical magazine advertising that the Armco catalogs are available in Sweet's files.

"We think that catalog files of this kind, well prepared, logically arranged, and carrying sufficient material to insure their use—when placed in the hands of the right people—can be very helpful to us."

H. V. Mercer, Manager,
Advertising Department
Armco Steel Corporation



Sweet's CATALOG SERVICE

DIVISION OF F. W. DODGE CORPORATION • 119 WEST 40th STREET, NEW YORK 18, N. Y.

CATALOG DISTRIBUTION—When your catalog is distributed by Sweet's, it is delivered to prospects of top rank buying power in the markets of interest to you. Sweet's spends more than \$150,000 yearly to locate, qualify and select the firms and individuals who represent the bulk of buying power in each market served. Furthermore, your catalog remains in the office of each recipient, instantly accessible at all times. This is accomplished by distributing it in a bound, indexed collection (file) of manufacturers' catalogs. According to thousands of users of these files, this is the most effective method of getting catalogs used by prospects.

MARKETING BRIEFS

Carpet prices will be boosted—for the third time in three months—by James Lees & Sons. This will probably touch off a third round for industry. Observers wonder how much rug sales will be affected (BW—Jan. 21 '50, p92).

New Haven RR is adapting the shopping-center principle to its Mount Vernon (N.Y.) station. It will build a new depot in the New York suburb with roof and basement parking, about 35 shops, and room for a department store.

Wamsutta Mills is lowering the wholesale prices of its sheets and pillow cases. This will allow retailers (1) to widen their profit margin slightly, and (2) to drop prices by 4% or 5%.

Apple ice cream may open a new market for apples. A Geneva (N.Y.) concern, Margrove Dairy, is the first to produce the ice cream commercially. It was developed after two years' work by a New York Agricultural Experiment Station.

Pablum and Pebbles will henceforth be distributed through food brokers instead of drug wholesalers. Mead Johnson & Co. says that 90% of the sales of the two infant cereals are now through grocery stores. Drug wholesalers will continue to handle the rest of the company's line.

Firestone will bring out a private-brand TV set—made by Stewart-Warner—within a month. It will be sold through both Firestone's own 700 stores and its dealers.

A new cigarette—"the only ambassador-size cigarette with a custom-fashioned mouthpiece and a cotton filter"—will be introduced this month by Fleming-Hall Tobacco Co. (maker of Sano). The name: Encore.

The increase in credit sales keeps putting a heavier strain on stores' working capital. That's the main reason why Gilchrist Co., Boston department-store chain, last week offered publicly \$1 1/4-million of sinking-fund debentures.

Two more stores have been opened by Aldens, apparel mail-order house and retailing chain, in Rockford, Ill., and Bedford, Mich. That makes nine stores for the company in all.

Frozen orange juice, according to the Dept. of Agriculture, was sold in 31.4% of all U.S. grocery stores by the end of last year. Seven months before, only about 17% carried the product.

TAXES

Old Goose, New Gold Eggs

Mills bill would erase next year's \$5-billion deficit without levying any new taxes. Corporations would pay all taxes on 1950 income in first half of 1951. Chances of passage: good.

The tax writers in Congress think they have found a way to have their cake and eat it, too.

• **Balance the Budget**—It's a plan to speed up the collection of corporation taxes—a speedup that would almost wipe out the \$5.1-billion deficit expected in fiscal 1951.

That would give congressmen more elbow-room to cut excises; they wouldn't be held down by the \$655-million ceiling set by the Administration.

The scheme was first worked out last May by Rep. Wilbur Mills (D., Ark.). At that time, it was attacked by Republicans—and some Democrats, too—as a phony bookkeeping dodge. Because of the furore Mills' bill caused, its sponsors did not push it. But now they think it has a good chance to pass.

• **No Strain**—The plan's best asset is its simplicity. Under present law, corporations file a tax return in the middle of the third month of their accounting year; then they may pay the amount due in four quarterly instalments. Mills would merely change the payment schedule; if his bill became law, corporations would turn in their taxes in two instalments—at the end of the first two quarters.

This means that by June 30, 1951, the Treasury will have collected all—not just half—of the \$10-billion or so that corporations are expected to owe on 1950 earnings. And the extra \$5-billion would just about bring the budget into balance.

• **Just a One-Shot Deal**—Supporters of the bill admit that it offers no long-run cure for budget deficits. The \$5-billion windfall to the Treasury is a one-shot deal; it wouldn't accrue again in succeeding years.

But Mills himself has said that the speedup is a reform worth having for its own sake—to shorten the lag in corporate collections, and to get closer to a pay-as-you-go schedule. The fact that it furnishes such a neat way out of the current budget dilemma is just so much gravy.

• **Money Available**—Another thing: The bill's backers claim that their scheme is relatively painless. Most firms, they say, will have the tax money on

hand before the end of the second quarter anyway; corporations build up reserves as they go along. For businesses that can't adjust to the earlier schedule right off, they would make some allowance—perhaps let the Bureau of Internal Revenue grant exemptions from the speedup.

Critics of the scheme don't think you can toss off its financial effects so lightly. They charge that, by draining off cash prematurely, the plan would weaken corporations' working capital, maybe even bring on a cutback in spending for new plant and equipment.

• **Dilemma**—It is certain now that Congress will vote to cut excises by more than the \$655-million suggested by Treasury Secretary Snyder. It is equally certain that Congress won't offset the cuts by clamping down on minerals producers and charitable institutions or by raising the income tax on corporations. Yet Truman has said that revenue receipts from new sources must balance losses, otherwise he will veto.

Congress is on the spot, and a lot of congressmen know it. When the time comes to stand up and be counted, the Mills bill is going to seem downright irresistible. And it's on that expectation that the bill's backers are planning their strategy.

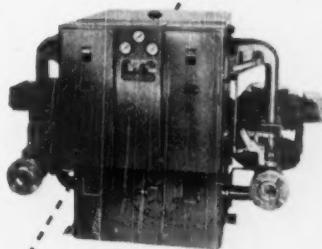
• **Schedule**—They expect to offer their scheme when the House Ways & Means Committee gets around to discussing corporations. Chairman Bob (Muley) Doughton is for it, so there won't be any trouble getting it on the agenda.

Once before the committee, the plan should pick up steam. Both the President and Secretary Snyder like the idea; Snyder practically told the committee as much in testifying earlier this month. So a lot of Democrats are going to support it.

The Republicans can be expected to go along. They will have misgivings, of course. But they are irrevocably committed to repealing excises—and they are also firmly bound to keeping the deficit within present limits.

• **Prospects**—Of course, a lot can happen to keep a bill like this from getting through. But right now its chances seem pretty good.

First you see
the difference...



then you pocket it

You get more heat for your money with a Dunham Vacuum Pump. Designed to pull up to 26 inches of vacuum, these pumps easily handle the requirements of any steam heating system. Provide better circulation and control of steam...shorten "heating up" periods.

Dunham Vacuum Pumps are extremely simple and compact in design. The only principal moving element is the water impeller. Flow of water through the exhauster jets creates a high vacuum...maintains positive pressure to discharge condensate direct to boiler. No moving parts under vacuum...no close tolerance parts to slip out of adjustment.

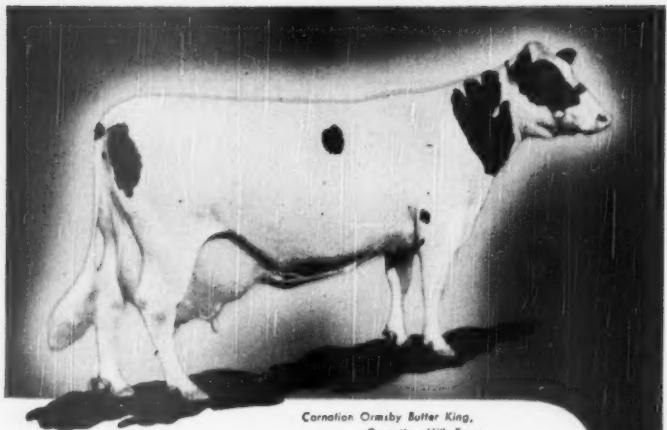
Available as single or duplex units—in a full range of capacities to meet most heating demands. Dunham Vacuum Pumps are ready for immediate operation on delivery. For complete information, write today for Bulletin File No. 4C-2-8. C. A. Dunham Co., 400 W. Madison St., Chicago 6, Illinois. In Canada: C. A. Dunham Co. Ltd., Toronto. In England: C. A. Dunham Co. Ltd., London.

DUNHAM VACUUM PUMPS

step up
steam circulation
...lower fuel costs

DUNHAM

HEATING MEANS BETTER HEATING



Carnation Ormsby Butter King,
Carnation Milk Farms

Just another cow?

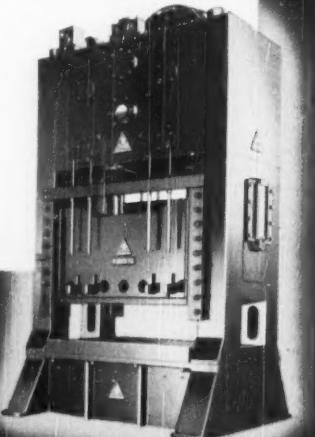
She may look like any other cow, but Carnation Ormsby Butter King holds the national record for butterfat production. That's what she was specially bred to accomplish. Though different presses may appear to be much alike, too, the fact is that a Clearing press generally sets production records that bring extra income to the user, because Clearing presses are designed and built for that special purpose.

There is plenty of evidence to prove we've succeeded. When you use a Clearing press, added profits result from a smaller number of rejects, from reduced loss of operating time for die repair or readjustment, from speedier operation, from quicker and smoother assembly of the parts later.

Let us tell you about Clearing performance. A wire, letter or phone call will bring you facts and figures.

CLEARING PRESSES

THE WAY TO EFFICIENT
MASS PRODUCTION



CLEARING MACHINE CORPORATION

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Prove That Purpose

Tax Court ruling throws light on the amount of proof you need to justify retaining corporate earnings in surplus.

How can you tell when corporate saving is legitimate and when it is "improper accumulation of surplus"?

Frequently, it's hard to decide; the revenue code isn't too specific. But from time to time, the courts come up with a decision that can at least be used as a rule of thumb. Such guides are worth watching because they may save you from the stiff penalties prescribed by Sec. 102 of the tax code.

The latest judicial opinion on the question by the U. S. Tax Court involved two Oklahoma radio stations—KOMA of Oklahoma City and KTUL in Tulsa.

• **Family Concerns**—Both stations were controlled by the same family, members of which owned the great bulk of the stock outstanding. For 1943 and 1944, combined net earnings were \$67,104, and \$88,131; dividends paid came to \$3,000 in 1943, nothing in 1944. After taxes, remaining profits went into surplus.

The Bureau of Internal Revenue went over the company's tax return, slapped a penalty on the undistributed profits. In the bureau's view, this retention of earnings constituted improper accumulation of surplus.

• **Earmarked**—Both stations appealed the penalty. They claimed that the funds had been earmarked—entirely properly—for construction of FM and television transmitters. The equipment necessary was not available during the war, but the cash had been accumulated against the day when purchase would be possible.

To back up this claim, the stations submitted cost estimates and plans which had been drawn up prior to 1943.

BIR, on the other hand, based its case on these facts:

(1) No permit to operate in FM and TV had been requested from the Federal Communications Commission until 1945.

(2) One station had borrowed money and used some of its surplus to retire stock and thus make the estate of the largest stockholder liquid.

(3) The stations' surpluses were being used for loans to other corporations controlled by the biggest stockholder.

• **Personal Use**—The court bought these arguments. It ruled in favor of the bureau. Its main reasons: Neither the corporation nor its directors took any action that is proof of intention to

expand; on the contrary, some of its action showed an inclination to use earnings for the business needs of stockholders, rather than to accumulate earnings for the corporations' own use.

In effect, the court was saying:

Accumulated surplus may be used only for the legitimate needs of a business itself, not of a business's owners. If it is used by the owners, there are grounds for thinking that the real motive is evasion of high personal income taxes.

Aid Local Budgets

Federal property puts a strain on budgets of local governments. Treasury has bill for payments in lieu of taxes.

State and local governments are soon going to get a present from their Uncle Sam.

The Bureau of the Budget is drafting a bill that would grant localities big cash payments, in lieu of taxes on federal property within their boundaries. The bill will also turn over the power to tax certain kinds of property directly.

If Congress approves the bureau's formula, states and their subdivisions stand to benefit by close to \$200-million every year.

• **Why It Hurts**—Today, whenever the federal government takes over property outside the District of Columbia, three things always happen:

(1) The property goes off the state or local tax rolls.

(2) The cost to the community of police and fire protection goes up.

(3) The local government has to boost other taxes to close this gap.

• **Billions of Dollars' Worth**—These days, the federal government still owns 450-million acres of land—some of it arid desert, other parcels choice industrial or commercial sites.

A careful survey made in California showed that the state would be \$34-million ahead annually if the U.S. government were an ordinary taxpayer. In New York, the tax loss is at least \$15-million every year. For the nation as a whole, the figure is well over the quarter-billion-dollar mark.

Local officials have long griped about their nonpaying guest. But there has been little they could do: The U.S. Constitution doesn't let them tax federal property.

• **Tentative Proposal**—Representatives of local governments met with Treasury officials in Washington last April to look into ways of easing local burdens. From these meetings emerged a tentative formula that is now circulating

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**offers you a ready-made building idea...
that may save you thousands of dollars!**



strong, attractive structures such as these



can be immediately furnished by Truscon



to meet your individual needs

Standardization and streamlining of production are the keynote to efficient, profitable operation. Meet today's needs for adequate manufacturing and storage facilities with Truscon Ready-Made Steel Buildings. They are made by the nation's largest manufacturer of steel building products. These standard-unit, prefabricated structures can be combined in innumerable ways to form buildings for many purposes. Features include fire resistance, insulation, permanence, ease and speed of erection, low upkeep, low cost and high investment value. They can be dismantled and re-erected quickly and easily on any site of your selection.



Truscon will cooperate with your local contractors for the speedy erection of these "any-purpose" Truscon Steel Buildings.

FREE BOOK! Write for free booklet on Truscon Ready-Made Steel Buildings. It shows actual installations and mechanical details, to help you develop your plans.

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• Steel Joists • Metal Lath • Steepledeck Roofs • Reinforcing Steel • Industrial and
Hangar Steel Doors • Bank Vault Reinforcing • Radio Towers • Bridge Floors.



Cables, Radio, And The British Industries Fair



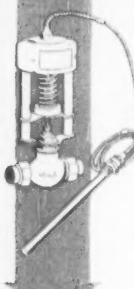
KENNETH E. STOCKTON

"We in the cable and radio business are an essential part of world trade," says Kenneth E. Stockton, President of American Cable & Radio Corporation. "That is why I am glad to learn that the British Industries Fair in 1950 is going to be bigger and better than ever. Especially since the pound sterling has been devalued, I think every American importer will find it profitable to visit the B.I.F. next May."

BRITISH INDUSTRIES FAIR

Open: London and Birmingham, May 8-19

...do you have a
temperature
pressure
liquid level
control problem?



Looking for automatic regulating valves, standard or special? Let Klipfel "know-how" work for you. Our engineers are valve men of long experience, but also receptive to your ideas. Our plant is close-knit and fast-moving, with unusual facilities.

Illustrated is a Klipfel Thermostatic Valve, one of many described in detail in Bulletin No. 449. Ask for your copy.

Klipfel VALVES INC.
DIVISION OF
HAMILTON-THOMAS CORP.
HAMMOND, OHIO

among federal agencies and local-government associations for comment. The final draft should be ready for submission to Congress by Apr. 1.

Here's what the bill will provide:

No payments on any property acquired before some arbitrary cutoff date; the bill drafters are currently thinking of 1935 or 1938.

Taxation by the locality of property being used for commercial-type purposes—barge docks, industrial plants owned by RFC, etc.

Cash payments in lieu of taxes on all other property acquired by the federal government since the cutoff date. The amount will be set by the owning agency, after allowance for any benefits to the local government deriving from the presence of the federal installations; dissatisfied local governments will be able to appeal to a special board.

Prospects for the bill's passage look good. Last fall the House Public Lands Committee indicated it would approve legislation of this kind if the cost could be kept below \$200-million.

BIR Cuts Homework, Agents Can Snoop

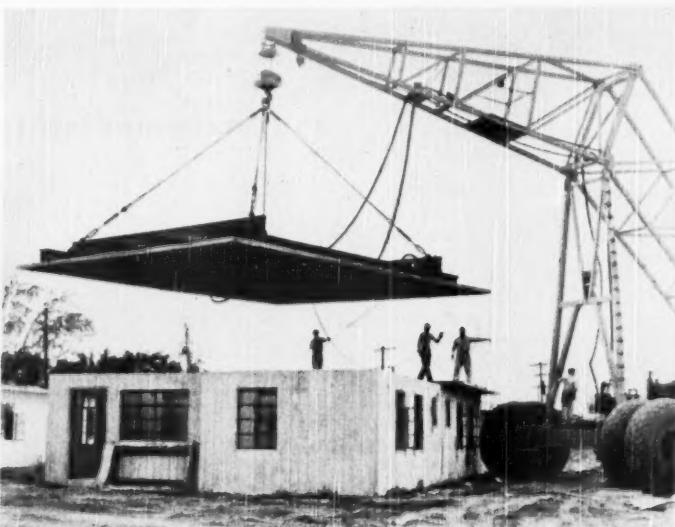
The Bureau of Internal Revenue has been streamlining its housekeeping operations—to give agents time to check up on more tax returns.

In his annual report for fiscal 1949, out last week, Treasury Secretary Snyder ran through some of the results:

Cash Savings. Modernization of office procedure has already cut costs by \$12.7-million a year, may boost the figure to \$20.8-million in fiscal 1950.

Mechanization. High-speed tabulators, posters, envelope stuffers, and other office machines have been installed in regional collectors' offices. The bureau now processes 200-million returns a year with a smaller staff than formerly handled half that amount.

Decentralization. Refunds, penalties and audits of returns on incomes of more than \$7,000 are now handled in field offices.



"Magnetic" Hoist to Lift Concrete

One of the best ways to lift and move large pieces of metal is with an electromagnetic hoist—you use no hooks. But the problem of how to lift similar pieces of nonmagnetic material has long taxed the ingenuity of the experts. Now Vacuum Concrete, Inc., of Philadelphia, thinks it has the answer: Attach the hoist by vacuum to the piece you want to lift. Something over 10 years ago, Vacuum Concrete was set up to exploit an invention of its president, Karl Billner, for quick-drying concrete (BW—Sep. 21 '40, p.40). A box-like

structure is placed over the newly poured concrete, and the air is sucked out of it by a vacuum pump. (A layer of filter cloth covers the bottom of the "box" to keep the concrete itself from being sucked away.) The suction clamps the box to the concrete and quickly draws most of the water out. The new lifting process is basically an adaptation of the drying process. In the picture, a prefabricated concrete roof is being lowered into place on a house. The process is also useful for moving slabs, columns, bridge decks.



JOB
PROVED

\$6,000 A YEAR INVENTORY SAVING

**Quality of Products Also Improved
by Change in Rubber-Processing Aids**

What to do when competition turns on the heat? Reduce costs and step up quality, of course. Easy to say, tough to do. The trick was turned, however, by one of the rubber industry's Big-Four producers of transmission and conveyor belting.

The manufacturer believed room for improvement lay in the variety and quality of oils he was using to process rubber for the big belts. For advice, he called in a Sun Oil Company representative, who suggested tests with two "Job Proved" Sun rubber-processing aids. Results indicated that Circosol-2XH in natural and GR-S stocks, and Circo Light Rubber-Processing Aid in neoprene and other synthetics, would mean easier processing and more durable belting.

For verification, small-scale pro-

duction batches were prepared with the help of the Sun man. These bore out laboratory findings conclusively. Later, field reports revealed that belts made with Sun processing aids gave increased service. Circosol-2XH and Circo Light Rubber-Processing Aid completely replaced the five oils previously used. With inventory problems greatly simplified, the Sun man urged the manufacturer to install bulk oil-storage facilities. This done, quantity purchasing saved an estimated \$6,000 a year.

For help on lubrication, processing or combustion problems, call the nearest Sun Office. No obligation, of course.

SUN OIL COMPANY • Philadelphia 3, Pa.
In Canada: Sun Oil Company, Ltd.
Toronto and Montreal

FOCUS

A problem isn't recognized as a problem until it is brought into focus. Inventories, for example, are low until someone demonstrates a way to keep them lower. Quality is fine until someone—maybe the competition—discovers a way to improve it. Costs are under control until someone points the way to worthwhile savings. Time and time again Sun field men, with their broad industrial experience, have proved their ability to bring processing and lubrication problems into focus and make constructive recommendations to manufacturers.

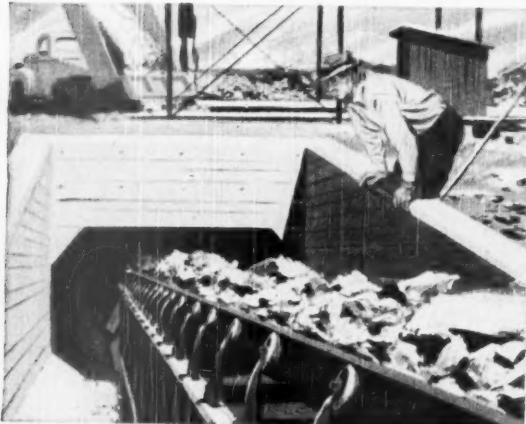


SUN PETROLEUM PRODUCTS

"JOB PROVED" IN EVERY INDUSTRY


SUNOCO

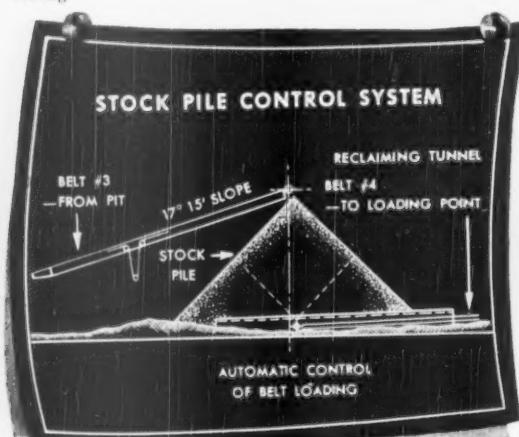
The "Rubber Railroad" that Outworks Six Trains



RAILHEAD FOR "RUBBER RAILROAD" where trucks dump rock into crusher. Belt #1 takes on steady flow of 350 tons per hour, eliminating "spotty" train loading.



UPHILL CLIMB Conveyor #2 climbs from quarry to ground level. Belts can carry cargo up grades as steep as 32%, beyond limit of any wheeled transportation.



STORAGE PILE between belts #3 and #4 blueprinted above is combination flow-meter and belt-loading point. Designed to control tonnages automatically.



AUTOMATIC GATE This metering device below the storage pile feeds constant 250 tons per hour to conveyor #4, traveling to processing plant

PICTURED BELOW YOU SEE how a large Virginia stone company smashed a production bottleneck and drastically cut its operating cost. They were hauling rough stone from quarry to finishing plant by rail—over a six-mile roundabout route up a difficult six per cent grade. But even six trains shuttling back and forth couldn't keep the crusher working at capacity. So the company thought of conveyor belts and sent for the G.T.M.—Goodyear Technical Man.

BELTS MAKE THE GRADE! On the G.T.M.'s fact-supported recommendation a Goodyear "rubber railroad" of four conveyor belts was installed to carry

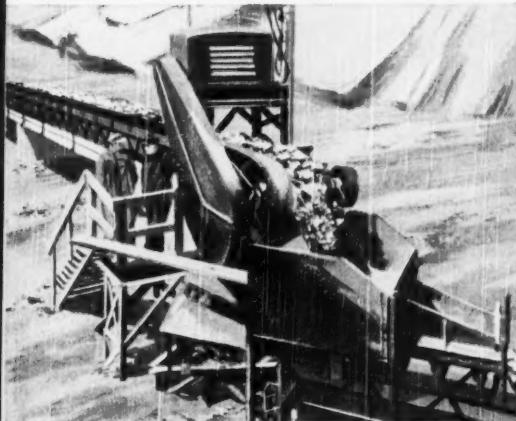
stone directly from quarry floor to crusher. Because belts can travel crow-flight, taking steep grades in their stride, only three-quarters mile of belting was needed to replace six miles of track. And because continuous belt haulage has larger ton-per-hour capacity, it takes no extra work to maintain a 24-hour stock pile at the processing end—and haulage cost is far lower!

TO CONSULT THE G.T.M. on your materials haulage problem, just phone your nearest Goodyear Industrial Rubber Products Distributor, or write Goodyear, Akron 16, Ohio.

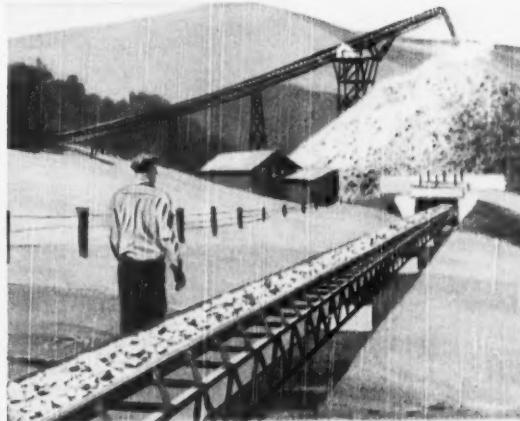
We thank you if like "THE GREATEST STORY EVER TOLD"—Every Sunday—ABC Network

GOOD YEAR

THE GREATEST NAME IN RUBBER



JUNCTION POINT between belts where rock feeds smoothly from belt to belt. Adding more transfer points permits "rubber railroad" to run for unlimited distances.



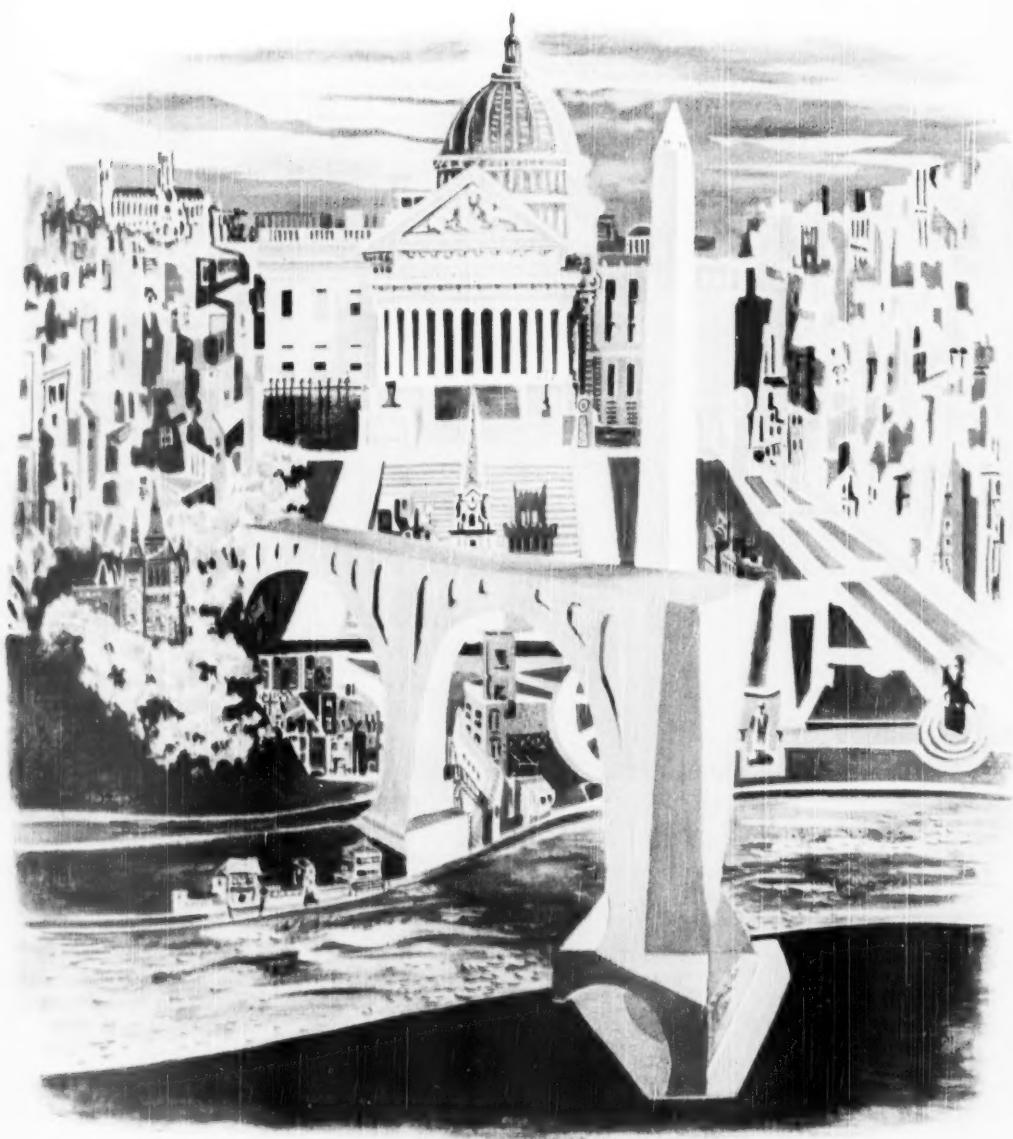
WAY STATION on "railroad" is stock pile where limestone leaves belt #3. This storage makes final processing independent of quarry, permits steady operation.



STRAIGHT RUN across 1600-foot stretch. Belts like this in series can carry rock, coal, ore and other bulk cargoes for unlimited distances at minimum cost.



TERMINAL of the "rubber railroad" is this finishing plant, where tons of rock are loaded into trucks for haul to the job for use as ballast and in other construction.



Artist — James F. Minnicks, native of District of Columbia

DISTRICT OF COLUMBIA — annual purchases: \$980 million — mostly packaged.

CONTAINER CORPORATION OF AMERICA



READERS REPORT:

Steel Price Hike

Sirs:

I note from your editorial "Why Steel Prices Have Gone Up" [BW—Dec. 31 '49, p64] that Business Week is very much impressed by the "detailed" reasons given by the steel companies for the recent steel price increase. You cite the statement of Republic Steel as an excellent illustration "of the right way to inform the public about as important an economic event as a higher price level for steel." We, too, have read the statement by Republic Steel and those issued by the other steel companies. We have listened to or read testimony of the major companies before the Joint Congressional Committee on the Economic Report. We have studied their testimony carefully. We are not impressed.

Otis Brubaker, Director of the Research Department of the United Steelworkers of America, testified before the Joint Committee on Jan. 26, 1950, regarding the price increase. One section of the testimony contains a detailed account of the trends in prices of 26 commodities used in making steel. This analysis shows that since mid-1948, total steelmaking costs have declined sharply; purchased scrap for the industry has gone down in price by a total of \$320,000,000 annually. There were other significant savings in costs of nonferrous metals and fuel oil, totaling over \$80,000,000. These cost savings on these commodities—so necessary in steel making—are more than sufficient to offset the increased prices of the few raw materials that have increased in price during the last year.

I am enclosing a copy of Mr. Brubaker's testimony in the hope that a careful reading will cause you to reconsider the statements made in your editorial.

JACK STIEBER

UNITED STEELWORKERS OF AMERICA
PITTSBURGH, PA.

• Business Week thanks Mr. Stieber for sending us Mr. Brubaker's testimony. We followed his suggestion and read it: Then we reconsidered the statements we made in the Dec. 31 editorial.

But we came back to the same conclusion: Steel prices went up because costs went up. Why did we so conclude? Because we have been watching the parade of wage increases (and other benefits for employees, including pensions) and price increases in the steel industry all during the postwar period. We have noticed time after time that the wage increase has preceded the price increase and not the other way around. So we found Mr. Brubaker's statement before

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Dimensions and
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MORE THAN any other single invention perhaps, the mechanized conveyor system lifts the load off man's back and puts it on the machine.

It is a typically American invention, and it represents a typically American way of getting things done.

By originating and developing ball bearings which are lubricated-for-life and are sealed to keep dirt out, New Departure made a contribution of major importance to the modern conveyor system.

Proved in installations operating under rugged conditions, in temperatures from below zero to desert heat, and exposed to dust and dirt ... carriers developed around these lubricated-for-life conveyor bearings are giving years of service without any cost for greasing.

The story of New Departure Conveyor Bearings and the services that go with them is told in a new booklet, illustrated above. If you design or manufacture or use conveyor systems, you will find it interesting and helpful reading. Mailed promptly, to requests on business letterheads.

Nothing Rolls Like a Ball ...

NEW DEPARTURE
BALL BEARINGS



90

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT

So real they reach for the bottle

*-but it's KOPPERS
POLYSTYRENE*



Many a man has been tempted to reach for the bottle in this effective display for Miller High Life Beer . . . but the bottle, the ice and the bucket are all made from Koppers Polystyrene.

The back of the transparent bottle is sprayed with a pale amber color exactly the shade of the beer. Real labels are pasted on and the top is gilded.

The bucket looks like aluminum, but once again it's crystal polystyrene sprayed with metallic paint, however, the lettering is transparent, permitting vari-colored light to shine through.

Even the ice is transparent polystyrene, molded in a specially finished mold which gives the realistic effect.

This display shows the variety of effects you can get with Koppers Transparent Polystyrene and the small display uses an eye-catching red polystyrene to get its share of attention.

A number of factors led to the choice of Koppers Polystyrene but the main ones were these —

- Low Cost—Huge quantities of these displays were needed, so Koppers Polystyrene 3 was used to produce more finished pieces per pound and more per dollar.
- Easy molding—Koppers Polystyrene 3 is easy to mold and easy to release from the mold—factors that resulted in more pieces per hour.
- Easy to paint—Polystyrene can be painted to achieve many lasting and desirable color and depth effects.
- Easy to paint—Polystyrene can be painted to achieve many lasting and desirable color and depth effects.

How you can reduce costs with Koppers Polystyrene

Koppers Polystyrene is among the lowest in cost of all thermoplastics. Polystyrene 8 has a high heat distortion temperature—over 200°F. Polystyrene 3 is noted for its ease of molding and its fast molding cycle. Both types are available with external lubrication. Our technical men will gladly help you with your plastics problems.

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Pittsburgh 19, Pa.

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Koppers Perfected Plastics.

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Position _____

Company _____

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City _____ State _____



the Joint Committee to the effect that union wage demands did not cause inflation was not supported by the facts.

H-Bomb Without Rhetoric

Sirs:

Nonsense—the Hydrogen Bomb question [BW—Feb. 4'50, p104] is trivial compared to the irresistible motivations impelling men to make and destructively use it.

Soviet Russia, with its tutors Marx and Ricardo, looks on one half of these motives. The U. S., with its political councillors Jefferson and Paine, looks on the other half of the medal of human liberty.

It is sheer fatuity for either side to try to scare off the other from its fixation by bomb and superduper bomb threats. But both sides may be persuaded to come to council and look honestly on both sides of the medal over whose aspects they quarrel. Let's be done with recrimination and get down to sincere business without rhetoric.

D. MOLONY

STATEN ISLAND, N. Y.



Up to Date Subscriber

Sirs:

In the article "Everything's Up to Date in Kansas City" [BW—Feb. 4'50, p67], I think it was quite appropriate that you included a BUSINESS WEEK subscriber dragging himself across the street. None other than me.

D. M. LORENZ

KANSAS CITY, KAN.

High Finance

Sirs:

The article about Lustron [BW—Jan. 21'50, p17] inadvertently states that \$37.5-billion has been loaned to the company by RFC. You meant \$37.5 million.

I have no interest in the matter except we use these terms "millions" and

*Sunbeam Corporation
shaved printing costs,
not quality....*



*by switching to lower cost, high fidelity
Consolidated ENAMEL PAPERS*

• It's no coincidence that the young man shaving looks as happy as a Sunbeam executive with the invoice for a printing job on Consolidated Enamel Paper. His new, palm-of-the-hand model Sunbeam Shavemaster trims his whiskers as effectively as Consolidated Enamels cut printing costs. And the finished shave will be as smooth and smart appearing as Sunbeam's Mixmaster cook books, the *Sunbeam News*, or any fine printing where Consolidated Enamels are used.

Like many other large printing users, Sunbeam had years of experience with the old-style, premium-priced enamel papers formerly required for finest printing results. They know that today Consolidated Enamels are trimming 15 to 25%

from paper costs *without* sacrifice of quality or effectiveness in the printed material itself.

This modern economy is the result of a revolutionary enamel papermaking process which Consolidated pioneered. It eliminates many costly steps of conventional methods and produces a finished sheet, simultaneously enameled on both sides, *in a single high-speed operation*.

Since every printing job has requirements of its own, it would be impossible to give specific information here as to how this modern manufacturing improvement can cut costs on your own printed material. But we'll welcome an opportunity to prove that it *can*, with samples, prices, and complete information. © C. W. P. & P. Co.

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"billions" so carelessly that we have everybody in a state of mind where they don't recognize much difference between the two, so we sink further and further into the morass of wasteful government.

FRANK P. LESLIE

MINNEAPOLIS, MINN.

- Millions are millions and billions are billions. BW caught the error before very many issues had gotten into the mails.

Auto Business is Tough

Sirs:

Some 22 new auto manufacturing companies have been formed since the war. What has happened, and why, to the Del Mar, Davis, Keller, and the Buffalo car? What is the extent of the commonly-believed interference by the Big Three, and man-made hindrances to Kaiser-Frazer, Tucker, Keller, and others—or is this subject too "hot"?

THEODORE KAIN

MINNEAPOLIS, MINN.

- The Keller car has lately been the subject of actual production planning, but no assembly line models have yet been made. The others seem to be largely abandoned. BUSINESS WEEK hasn't been able to find evidences of interference by established auto companies with the efforts of new ones. Tucker has made such charges, but they've never been proved. Kaiser-Frazer has been able to buy parts from established concerns in the business; and GM has even made available its Hydra-Matic transmission.

All in all, getting into the auto business is a blue chip operation: Kaiser-Frazer had \$30-million in cash and found it hard to get going. Tooling costs tens of millions; then, the cars have to be sold. Without an established dealer organization, it's tough going—the dealers are the ones who translate the huge investment into cash returns.

Beauty or Business?

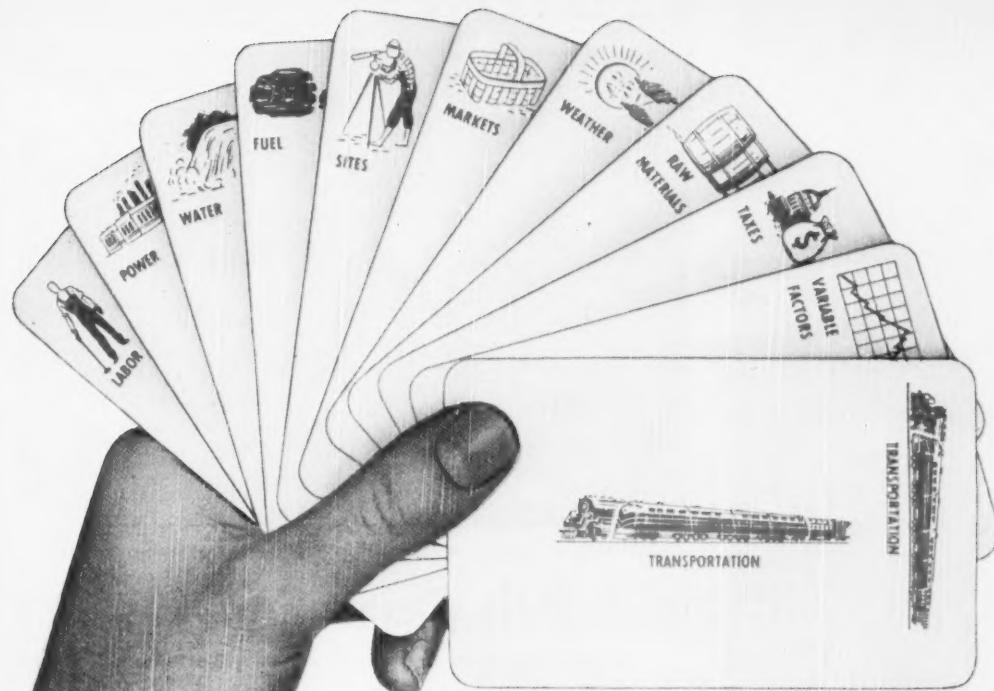
Sirs:

Mr. King's letter [BW—Dec. 31 '49, p29], criticizing BW's cover pictures of outstanding executives, recalls letters written to a certain large industrial concern in Philadelphia. The firm follows a practice of printing revealing pictures of very shapely young ladies in the company publication—sent to a large mailing list. The letters, like Mr. King's, show that readers prefer girls rather than businessmen. But I hope you never run out of a supply of successful businessmen for your front cover.

V. L. SANDERSON

PHILADELPHIA, PA.

- BUSINESS WEEK hopes the supply will last, too.



Let us deal you a hand like this— and help you play it!

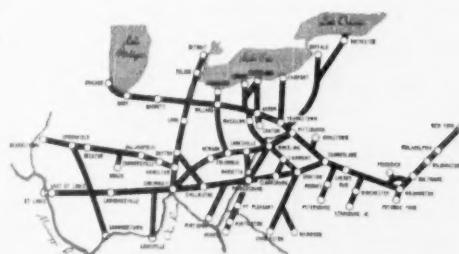
The cards are stacked in your favor, the moment you choose B&O territory for your new plant.

In the B&O area is "the lion's share" of raw materials, electric power, labor supply, purchasing power; economic advantages for industry unsurpassed in any other area. Here Nature's "horn of plenty" abounds in: coal, petroleum, natural gas, rock salt and salt brines, limestone, dolomite, clay, glass

sand, along with an abundance of coal, fresh water for processing and steam power.

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Fine...
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REGIONS



LINE FORMS at employment bureaus. For despite efforts of Steelman group . . .

U. S. Pills Don't End Distress

Administration drive to channel government contracts to hard-hit areas appears to fizzle. Some business did come in, but it would have come to areas anyway, local businessmen say.

On Dec. 1, 1949 John R. Steelman wrote President Truman a progress report. He said that 35 "distress areas" had netted roughly \$72.8-million in government contracts and loans during the months of July, August, and September—the first quarter-year of a federal drive to get the areas on their feet.

• **Commendable**—"All federal departments and agencies should be commended for their efforts to extend the maximum benefits possible to areas of heavy unemployment," Steelman wrote.

He granted that the program didn't work everywhere. "However," he said, "the effort has been well worth while and should be continued on a vigorous basis while unemployment remains a problem in particular areas."

• **Another View**—In January, 1950, the Chamber of Commerce of Worcester, Mass., one of the areas in question, had a word for Steelman's report—"Nuts." "Who do they think they're kidding?" asked John A. Toomey, manager of the chamber's industrial bureau. The program was "a complete flop . . . another piece of bosh. . . . We're not saying we don't like it, but it doesn't work."

Who's right—the man bossing the drive, or the man at the receiving end of what was meant to be an industrial lifeline?

The answer isn't too clear, but Toomey's blunt comments have been echoed in distress areas scattered over the country. Some of the comments have been mild, some scathing. At the very least, they indicate that the President's program has proved no ball of fire.

• **What Program Is**—It was back in July when Truman gave the drive its initial push (BW-Jul.23'49,p15). Steelman headed up a White House committee to see that as far as possible contracts for federal work go to regions hard hit by unemployment. (A region is a distress area if 12% or more of its work force is unemployed. As of Jan. 31, there were 35 areas on the "E" list.)

Actually, it's not one drive but two. The first is an emergency measure, to relieve temporary conditions. It works like this. The "E" area is put on the mailing list for government contract bids; all possible information is channeled to the area to help in getting contracts. In cases of tie bids, a distress area gets preference over nondistress areas.

The long-range job is the Domestic Point 4 program (BW-Feb.4'50,p15). It aims at regions that have a permanent unemployment problem, places where natural resources are depleted, or where

economic shifts have left industrial holes. This part of the program is still pretty talky. Idea would be to help develop untapped resources—making the area into a resort, maybe—and not only to go out for new industries but to create the conditions that would bring them in. But so far, the first part of the program is the only one on wheels.

• **Big Blowup** — The program didn't make headlines much until December—when the city of Worcester blew its top. The local chamber of commerce met shortly before Christmas and voted to tell the White House that as far as Worcester was concerned the program was no go, and to please take Worcester off the mailing list for contract invitations.

Toomey, as spokesman for the group, wrote Steelman: "We have not received advice as to the winning of a single contract over the whole period since August."

• **Disputed Points**—Steelman had an answer. His report to the President listed 35 contract awards amounting to \$17-million that went to Worcester bidders in the first quarter. Only four other distress cities got more—Bridgeport and Waterbury, Conn.; Providence, R. I., and Knoxville, Tenn.

Toomey feels that Steelman's figure is all wet. Steelman's report covered July, August, and September. According to Toomey's figuring, the Worcester program didn't get going until mid-August, when Toomey went to Washington to talk to Steelman's assistant about getting help. But his visit didn't pay off in bid invitations until about Labor Day. In other words, most contracts Worcester got would have come its way anyway.

Another quarrel Toomey has with Steelman's figures is this: The amounts include ECA contracts. Toomey calls this nonsense. ECA had been operating two years before the program started.

A big Worcester manufacturer who got one of the latter ECA contracts said his company would have got it anyway: It included an order for raw material the company regularly supplies its foreign subsidiaries.

• **No Results**—"To conclude," says Toomey, "they can't prove they got us a dollar's worth of business. If they had, we'd be glad to admit it."

The statement of the manager of the Worcester state employment service looks like a clincher. He reports the distress program has done "nothing significant and didn't open up any jobs in particular. Betcha we still run about 12% [out of work] next month, and that's bad."

• **From All Quarters**—From other spots, the report is much the same. Fall River, New Bedford, Mass., and Rhode Island report they've had practically nothing from the program—except what would have come their way naturally. Manufacturers say that all the program has



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done is sharpen up competition: Low bidders had to go lower to get the business.

From Lowell, Lawrence, and Fitchburg, Mass., the verdict, in the words of a member of the chamber of commerce, is "A lot of hooey." "The whole business is political—an effort by Washington to appear to be doing something, when it's plain that nothing is being accomplished," declared a Fitchburg businessman.

In Jasper, Ala., City Commissioner Dick Burrow said he knew of no help from the federal government. "The feeling here is that it was just an empty promise," he said. In Rome and Utica, N. Y., business is improving, but community leaders think the general upturn in business should get the most credit.

In Indiana, things have picked up. Vincennes was taken off the "E" list early this month. But local chambers of Vincennes and Terre Haute say chief thanks should go to the Texas Co. Texaco is putting \$65-million into a refinery at Lawrenceville, Ill., just across the Wabash River.

San Diego is a newcomer to the distress list; federal aid is just getting started there. The Commerce Dept. has promised to survey the situation, and has scheduled meetings to tell how the town can help offset the cutbacks in aircraft manufacturing payrolls.

• **They Tried**—On one point, all localities are heartily agreed. When Steelman talked of the "effort" expended by federal agencies, he wasn't kidding.

Washington is sending in a torrent of bid invitations and information so fast, says a member of the Fitchburg Chamber of Commerce, "that it would take 100 men to sort out what industry wants here." The chamber dreamed of putting someone on a full-time job of looking over materials and checking. But the avalanche from the Capital put him three weeks behind.

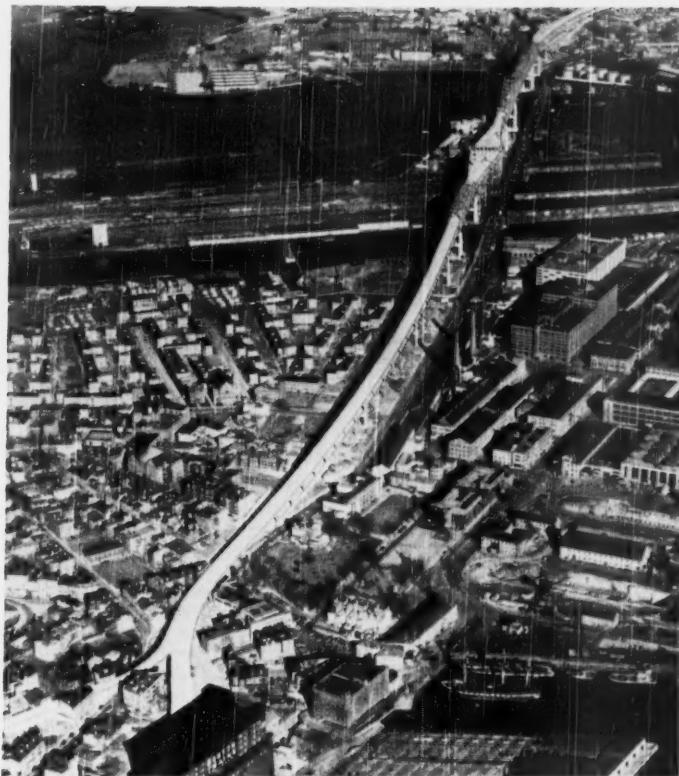
From Vincennes, the executive secretary of the local chamber reports, "I'm a Republican, but you've got to hand it to them—they snowed us under letting us know what the government wanted to buy."

In Terre Haute, same thing. "I wish you'd see my mail," says a chamber official there. "Stacks of it every day—invitations to bid." Then he added sadly, "But it just doesn't fit in."

• **Why Not?**—With all the flurry, you might ask why it doesn't fit.

One hitch is that the government has to give contracts to the lowest bidder. And in New England, anyway, industries such as textiles often can't compete with the South. Shipping costs have also cut out some bidders—those who, like New Englanders, are at the end of the shipping line. Or the orders are for quantities too big for the plants to handle, or for materials the area doesn't make.





NEW BRIDGE across Mystic River joins Charlestown with Chelsea (background). It has two traffic levels. Expressway (foreground) will later join city's belt highway system.

Desnarling Boston's Traffic

City's big plan to ease traffic in and out of downtown area with two belt expressways gets underway. First link, downtown elevated highway, will start soon. (STORY PAGE 78)



RAMPS, TUNNELS, as shown in architect's sketch, illustrate complexity of project. This length of elevated expressway will stretch over railroad tracks back of North Station.



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Cont. from page 77

"It's About Time"

So say Bostonians. Plans gathered dust for 25 years—held up by politics, parsimony, procrastination.

Almost no U. S. city has had quite as snarled a traffic problem as Boston. For the past 15 years its ever-growing auto population has nearly split the city's ancient, narrow streets at the seams. While downtown merchants and businessmen wrung their hands and called for action, city fathers went over the blueprints laid on their desks by city planners. Almost to a plan the blueprints agreed on one thing: Boston's greatest need was for expressways to circle the peninsula of Boston proper.

Almost to a man the proper Bostonian city fathers agreed with the idea in principle. But getting the plans translated into fact was another thing.

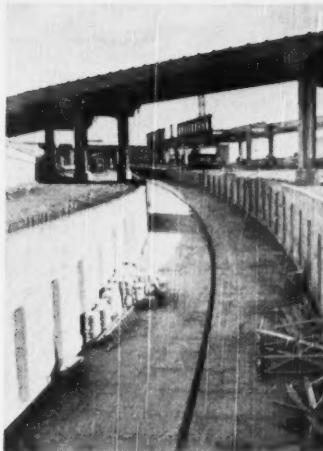
• **Promoted Chaos**—First there was politics. Republican legislatures didn't want Democratic governors to get credit for rescuing Boston from traffic chaos. Democratic legislatures replied in kind, spiked Republican Governor Bradford's plan of attack. The legislator's usual complaint was: "It's too expensive." To which the city planning board plaintively replied: "It'll be more expensive if we don't tackle these jams with some long-term project."

It wasn't until a Democratic legislature supported by a Democratic governor came along that the wheels began to turn.

• **Dream to Fact**—This week it begins to look as if the Greater Boston Master Highway Development Program is at last beginning to roll. In the first of a series of bold moves, the State Public Works Dept. advertised for bids on the first section of an elevated expressway around downtown Boston.

The board also gave hints of bigger things to come: a belt-line highway around the fringes of Boston proper; a second tangential highway reaching around through Cambridge. In addition there will be three spokes leading out of the circles in the form of expressways north, south, and west. It all adds up to a plan similar to the autobahn with which Hitler encircled Berlin.

• **In New York's Footsteps**—Boston's attitude on the belt-line project was summed up by a local highway engineer: "If New York can do it," he said loftily, "we can." He was referring to the east and west side highways that run



DEPRESSED ROADWAY (foreground) is part of Boston Rapid Transit's new extension near Logan airport. Elevated construction (background) will connect up with north shore expressway.

up the fringes of Manhattan island, and which did so much to desnarl that city's traffic.

Boston planners have often pointed to the similar waterfront contours of the two cities. Like New York's, Boston's business center is practically an island; it has water on three sides. On the north is the Charles River (good for ice-skating in the winter); to the east is Boston harbor (ocean-going ships); circling southwest is Fort Point Channel. About the only major difference is that the head of the peninsula of Boston proper faces northeast instead of south.

• **Advantages**—Planners hit on a waterfront roadway for two reasons: (1) It could be built at a minimum of land damages. (2) Traffic entering or leaving the downtown area could easily reach one of the two legs.

Actually, preliminary steps on the Boston expressway project were set in motion two years ago by a legislative bond issue of \$100-million. Concrete results from that bond issue can already be seen. One is a gleaming new, two-level bridge over the Mystic River between Chelsea and Charlestown, where this week workers are putting on the finishing touches to meet a Mar. 1 opening date. And along the south bank of the Charles River, the depressed expressway which will form the inner link to the belt line, is already taking shape.

• **Costs**—Both these links will eventually be tied with the downtown artery. The Public Works Dept. has just called bids on. This section will cost around \$30-million and will involve elaborate ramps, tunnels, overpasses, and cloverleaf connections leading out of it. The

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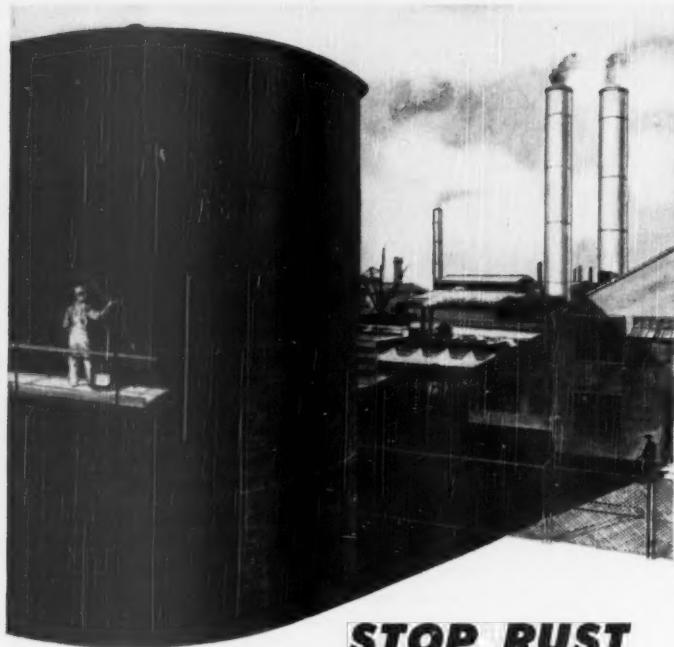
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initial leg of the expressway will extend from North Station on the Charles River to a point on the harbor front near the Custom House. Eventually it will stretch past the South Station at the entrance to Fort Point Channel. The final big link will sweep in a great arc around the south of the city and back to the Boston University Bridge over the Charles River.

To complete the belt-line system another \$100-million bond issue will be asked of the legislature this year.

But there is even more to the greater Boston plan. An outer belt highway leading from suburban Newton, through Waltham, Weston, Reading, Lynnfield, and Beverly, is already abuilding. This route will bisect the various expressway spokes radiating out of the central artery.

In the long run, the four expressways that form the spokes of the system will be an integral link in the national defense plans for the Northwest. They will radiate toward Providence to the south, Springfield to the west, Lowell to the northwest, and Newburyport to the north.

When planners launched their project several years ago they said: "We will never meet [the problem] until we attack it with an integrated program of big-scale projects. It is not too big for us, if we plan big. And the basic pivot for the plan of attack must inevitably be a central, elevated highway."

• **Under the Common**—The final project in the over-all plan is a garage for 5,000 cars to be built under Boston Common. Motorists passing into Boston via the depressed embankment road, or over the elevated highway into the underground garage will not even touch the regular street level.

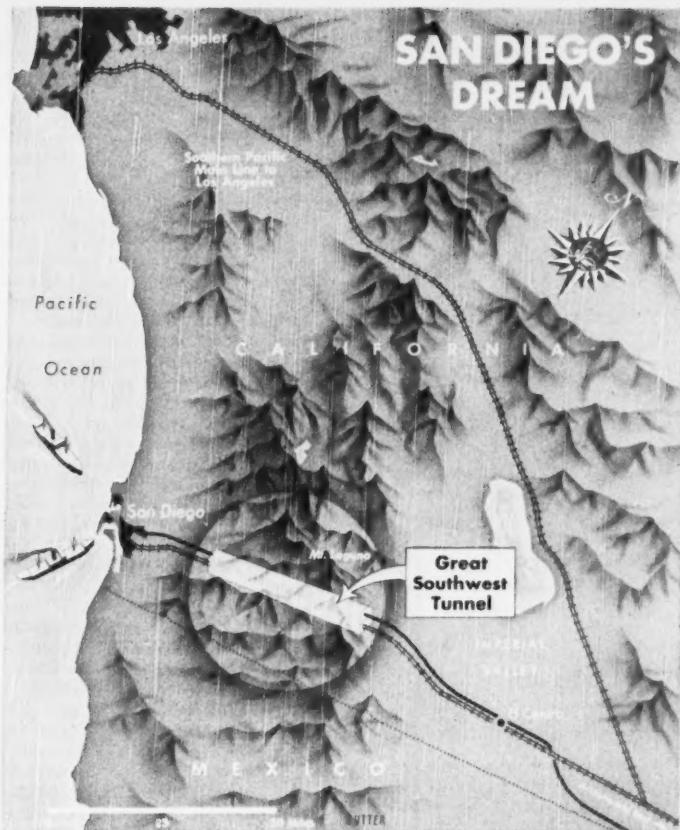
For the most part Proper Bostonians think all these plans are fine. They just hope the digging won't disturb the Common's famous pigeons.

SEATTLE SEA FAIR

Seattle businessmen have set out to capitalize on the city's scenery, water, and summer weather. The vehicle: An annual sea fair, billed as the "world's greatest water carnival." The object: to draw tourists and build national attention.

The first sea fair is scheduled next August. It is likened in importance to New Orleans's Mardi Gras and Minneapolis' winter carnival. The project had its genesis in national college crew races, held at Seattle two years ago.

The originators were Stanly Donogh, Northwest retail manager, Sears, Roebuck; Henry Broderick, head of the real estate firm of that name; and H. M. McCurdy, Puget Sound Bridge & Dredging Co.



Punching a Hole in the Hills

San Diegans think a 34-mile tunnel will solve their shipping problems. They're talking about moving cars, trucks, trains, water, and gas through it. They're even looking for uranium in it.

By doubling its population every 10 years, San Diego has grown from a little village tucked away in the southwestern corner of the United States to a metropolis of over a half-million people still tucked away in a corner. Now the city thinks that it's big enough to punch a 34-mile hole through the mountains at its back which have been blocking trade with the East.

Plan is to bore a tunnel through the Laguna Mountains to make a highway and rail connection with the rich Imperial Valley and points east. The estimated cost runs to more than \$3.5-million a mile, or about \$120-million for the entire project. It would probably be the longest tunnel in the world.

• Gaining Support—At first the project was regarded as impractical, but as the possible benefits became apparent, the idea began picking up backers. Advo-

cates argue that the cost is small when measured against the gain in commerce that a hole through the hills would produce. The city has one of the finest natural harbors in the world, but it's going to waste because the Los Angeles port at Long Beach is more accessible.

Goods moving in and out of San Diego could bypass Los Angeles if the tunnel were built. Instead traffic increases congestion there, because of extra handling, rerouting over roundabout roads.

Congress is supposed to get a committee report early this year on a bill authorizing Army engineers to make a \$250,000 survey of the project. Community organizations are pushing hard for the measure.

• Two Levels—A preliminary plan calls for a 34-mile bore 75 ft. wide and 60 ft. high—to accommodate a divided high-

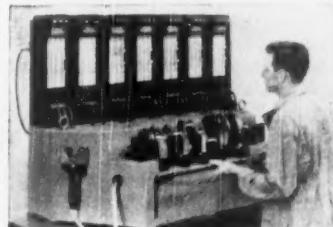
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way at an upper level and four railway lanes below.

The tunnel would cut the distance between San Diego and El Centro from 125 mi. to 90 mi. More important, it would eliminate a nasty grade that makes most truckers take the long route from Imperial Valley to Los Angeles. That route means goods have to be shipped from L. A. down to San Diego.

People in Arizona, Colorado, New Mexico, Utah, and southern Nevada also are expressing interest in this low-level connection with the Pacific Ocean. Seeking a port for their products, those states have been considering opening a port on the Gulf of California at Puenta Penasco, Mexico. But the proposed tunnel would probably do just as well.

• **Money**—Financing plans are still in the air. Talk centers around a tunnel-authority bond issue amortized from tolls, or an RFC loan. Backers observe that Uncle Sam is pouring millions every year into barge canals along the Gulf of Mexico from Texas to Florida to improve transportation. They think San Diego has just as good a case for federal support.

Supporters of the tunnel have some impressive economic bait. They say the telephone companies can save \$1-million a year by using the tunnel for coaxial cables; Colorado River water can be brought in more cheaply from Parker Dam via the tunnel; new natural gas lines from Texas could use the tunnel; rich gypsum deposits on the Imperial Valley side of the mountain would provide cement for the project and an incentive for building a big cement plant.

• **Every Two Miles**—Planners figure actual drilling could be completed in about 353 days. Here's how they say it could be done: Every two miles along the tunnel route, a shaft would be sunk to the tunnel level. Then two drilling crews would be sent down each shaft, and the crews would begin drilling in both directions. The 34 crews could each drill about 15 ft. a day.

In addition to auto roadways and railroad lanes, there would also be a 12-ft. section running along the side of the main digging. It would be used for construction work until the tunnel was completed. Then it could be converted into an aqueduct for hauling water in from Parker Dam. The tunnel would be 200-ft. higher at the eastern end, so most water pumping costs would be eliminated.

• **Them That Hills**—The tunnel drilling itself also involves some financing angles. About 59-million tons of granite would be hacked out of the mountains. Planners figure that it could be sold for about 40¢ a ton. Besides, they say that the tunnel would be the biggest prospecting hole ever dug in those mountains. And there's no telling what minerals are there. They point out that there used to

be gold mines in the area, and they even are speculating on prospects of finding uranium.

• **Jobs Wanted**—If the Army engineers say the tunnel is feasible, San Diegans are prepared to press to the limit for the project. The city still doesn't have much heavy industry. Its biggest payroll now is the Navy. Aircraft manufacture and tuna canning come next. Efforts to obtain new payrolls have been blocked time and again by high shipping costs. So San Diegans are beginning to wonder where the jobs will come from to keep the growing population employed.

Michigan Has A Way To Help "E" Spots

Michigan communities are scratching off their "distress" tags. Instead of the five areas that were designated "E" areas at the outset of the program, the state is down to two—Muskegon and Cheboygan.

What's getting them out of the woods is mainly the work of the state's Full Employment Committee, which was formed last July.

• **Down and Up**—In the last two years, Michigan unemployment has had spectacular ups and downs. In October, 1948, it stood at 76,600, lowest peacetime figure in the state's history. Then foundries began to lay off workers.

By the following March, unemployment had risen to 196,000, a 156% increase. Gov. G. Mennen Williams went into a huddle with the Michigan Unemployment Compensation Committee, and FEC resulted.

• **Local Matter**—FEC has worked because it doesn't figure its job done after it has held some meetings and passed resolutions. Chairman Harry Markle says what his committee does is give a "psychological shot in the arm."

Committee representatives tell a distressed area that federal and state handouts won't get them out of the ditch. It will have to do its own towing—by revitalizing its own industries.

First, FEC studies the background of a community's employment and industrial situation. Then it calls on home talent to form local full employment committees. These outline the problems, and FEC tries to show how private demand can best be stimulated.

• **Case History**—Take the case of the small lumber-mill owner in Seney, on the Upper Peninsula. He was trying out a new type of prefabricated house. FEC stepped in, helped him develop outlets. As a result, orders are coming in.

• **Commended**—Labor Secretary Tobin has commended Michigan's distress program to other states.

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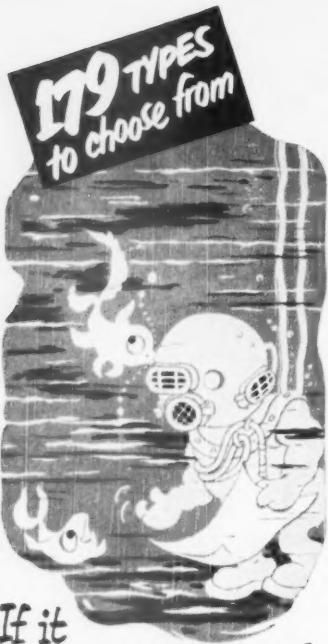
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Post to help solve your own packaging problems. Any airline will gladly show you how its speed and careful handling may provide a good solution.

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MAKERS OF PRATT & WHITNEY ENGINES, HAMILTON STANDARD PROPELLERS, CHANCE VOUGHT AIRCRAFT AND SIKORSKY HELICOPTERS FOR THE U.S. ARMED FORCES AND THE FINEST AIRLINES IN THE WORLD.



If it calls for Wet-Strength Patapar can help you

Patapar Vegetable Parchment is famous for its wet-strength. Soak it, drench it—even boil it. Patapar comes out strong and glistening.

But wet-strength is just one of Patapar's qualities. This unique paper is produced in 179 different types. Each type has special qualities to meet special problems.

Do you want a paper that resists grease? A paper that is odorless? Tasteless? One that is air tight? Patapar can help you. The 179 types fill varying requirements of wet-strength, grease-proofness, opaqueness, moisture vapor resistance, purity and many, many other qualities.

Some of its uses

Patapar is wonderful as a wrapper for protecting foods like butter, bacon, fish, cheese, margarine, poultry. It is used for making lampshades, beautiful greeting cards, for rubber mold liners, putty wrappers, artists' sketching pads.

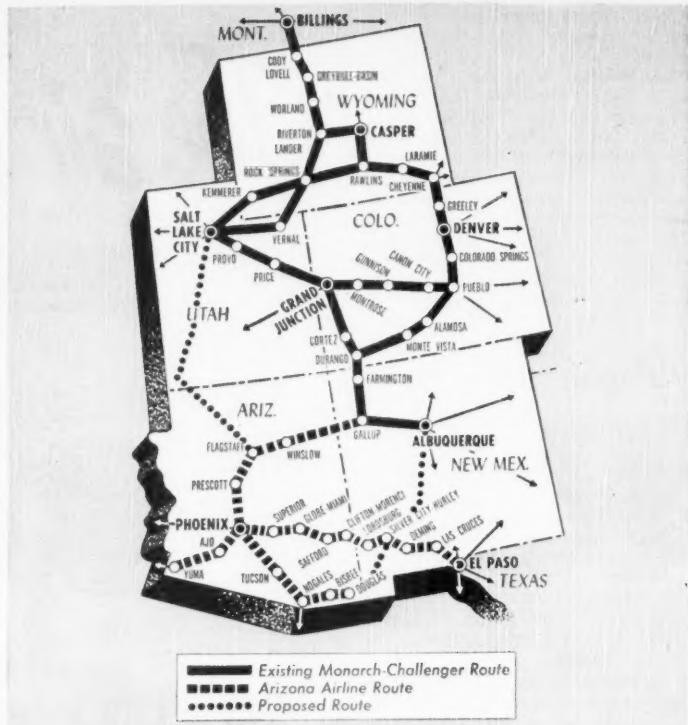
For more information write on your business letterhead for booklet T, "The Story of Patapar."



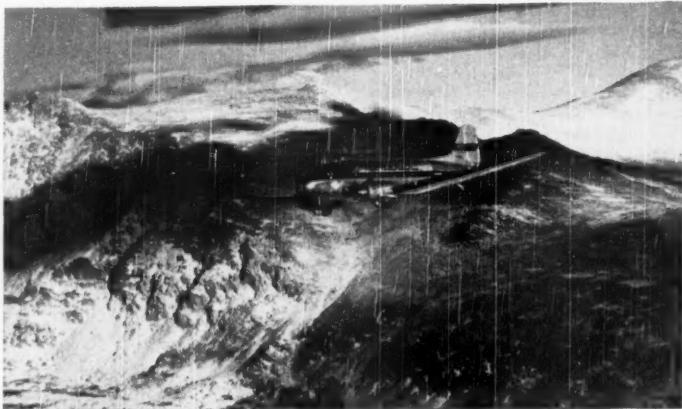
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BIGGEST FEEDER AIRLINE in the country is being formed by merger. Its . . .



PLANES will fly up and down, and across, the whole Rocky Mountain region.

Big Little Airline to Fly the Rockies

The largest feeder airline in the U. S. is being formed to fly up and down, and across, the Rocky Mountains. It will have nearly 5,000 route-miles, as many as some of the major airlines, and will connect more than 50 towns and cities in seven Rocky Mountain states.

The name of the new outfit is Monarch Air Lines. It is to be formed by amalgamation of the present, smaller Monarch Air Lines with Challenger Airlines and Arizona Airways. Monarch and Challenger have been operating for some years; Arizona, although it is cer-

tified, has never started operating.

The Civil Aeronautics Board has already approved the merger of Monarch and Challenger, which is now under way. And CAB Examiner James S. Keith has recommended CAB approval of the system's acquisition of Arizona Airways. Since the two systems don't now connect, he also recommended that the board approve a new route from Gallup, N. M. (Monarch), to Winslow, Ariz. (Arizona).

• **Extent**—When all routes are activated, the new line will connect Billings, Mont., within 225 miles of the Canadian border, and El Paso, Tex., and Nogales, Ariz., on the Mexican border. It will go as far East as Denver and El Paso; as far West as Yuma, Ariz., and St. George, Utah. It will interconnect with the four big transcontinental lines at many points, among them Denver, Salt Lake City, Albuquerque, Cheyenne, Billings, El Paso, and Phoenix. It will offer connections for Canada and Alaska via Billings, and for Mexico via El Paso.

Monarch's planes cross the Continental Divide many times daily, and its landing-fields average about a mile in altitude. Many cities and towns, not now served by the airline for want of such fields, are scheduled to be hooked into the system later on.

The new line is being put together under the direction and principal ownership of H. S. Darr, formerly a Chicago businessman; he will live in Denver and run it.

• **Beginnings**—Monarch was started after the war by Maj. F. W. Bonfils, business manager of the Denver Post, and Ray Wilson, old-time flyer who operated Ray Wilson, Inc., a charter flying service. Later Darr bought the majority interest from them.

Challenger was started by Salt Lake City interests, with Donald A. Duff in charge; its offices later were moved to Denver and many services of the two lines were amalgamated. Darr bought the majority stock from Claude Neon, Inc.; thus, he now has control of both. Challenger flies four DC-3's, and Monarch five.

• **Financing**—To provide money to buy the Arizona line and put it in operation, Central Bank & Trust Co. of Denver has agreed to advance \$150,000, and Continental National Bank and Valley National Bank, of Arizona, a total of \$350,000. Darr has testified before CAB that the merger would permit great savings, including \$300,000 to the government in airmail subsidies.

Darr would be president of the merged Monarch; Ray M. Wilson vice-president in charge of operations; Bonfils chairman of the board; Donald A. Duff vice-president in charge of traffic, sales, and public relations. C. A. Myhre would be treasurer and administrative assistant to the president.

CLARAGE

Headquarters

FOR AIR HANDLING AND CONDITIONING EQUIPMENT

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Clarage Fan Co., 972 Broad
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... Also Application Engineering Offices in All Other Principal American Cities

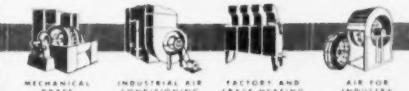
PENNSYLVANIA

NEW JERSEY

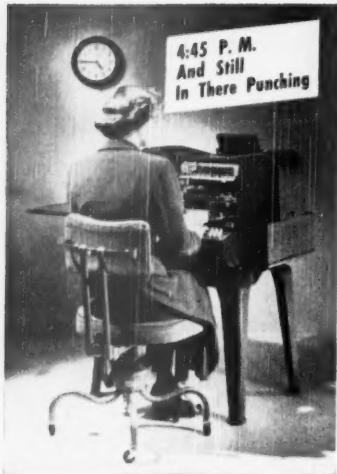
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Take any type of air handling or conditioning requirement, and it makes SENSE to call in the nearest Clarage Application Engineer. This man KNOWS his business — can give you expert assistance. And back of his recommendations are engineering resources and manufacturing skills unsurpassed in the fan industry. Try Clarage for satisfactory results invariably accomplished MORE economically.

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Ever wondered how much bad sitting might be costing you? If you have—or even if you haven't—it might be a good idea to read our booklet, "The High Cost of Sitting". No charge—no obligation—just good common sense.

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PRODUCTION

The Cost of the New Machine is \$7420.00....

	OLD MACHINE	NEW MACHINE
Direct labor cost per hour	\$ 1.50	\$ 1.50
Fringe benefits per hour	\$.20	\$.20
Total hourly labor cost per hour	\$ 1.70	\$ 1.70
Parts produced per hour	(140)	(260)
Gives us total labor cost per piece	\$.012	\$.007
The new machine produces . . . pieces per day		
At \$. . . per piece on old machines they would cost		\$ 23.04
At \$. . . per piece on new machines they would cost		\$ 13.44
Labor savings per day		\$ 9.60
Annual savings, labor (40-hour week, 50 weeks per year)		\$ 2400.00
Estimated additional savings per year		\$ 175
Total Annual Savings		\$ 2575.00
Annual rate of recovery of capital — assuming 10-year life		\$ 742.00
Depreciation 20-year (schedule)		\$ 371.00
Additional amount to be recovered annually out of profit		\$ 371.00
Earnings required annually before taxes (at 38%) to recover above amount (above figure divided by .62)		\$ 600.00
Annual capital recovery required over the 10-year period; \$ 371.00 .. from depreciation plus \$ 600.00 .. from profit before taxes		\$ 971.00
Total annual savings		\$ 2575.00
Required annually for recovery of capital		\$ 971.00
Annual net return on investment		\$ 1604.00
Rate of annual return on capital invested; annual net return of \$ 1604.00, divided by \$ 7420.00 .. the cost of the new machine		21.6%

WORK SHEET prepared by machine tool builders helps factories figure out . . .

Is New Equipment Worth Its Cost?

Simplified method of determining return on investment helps management and shop superintendent get together on whether to buy new machines, which machines to buy.

Even in the best managed factory, the shop superintendent and the front office never speak quite the same language.

The shop man thinks in terms of hours of labor, physical quantities of materials, units of production. The sharp-pencil experts upstairs talk dollars of costs, sales, and profits.

• **Two Points of View**—The machine tool industry has long suspected that this difference between shop arithmetic and upstairs arithmetic is one of the things that keeps potential customers from buying new tools.

The shop manager may see a place where replacing an old machine or adding a new one will save labor and materials. But ordinarily he can't tell the

front office what it will save in dollars and cents. And in a showdown, it's the front office that signs the checks.

To help the shop man get over this hurdle, the National Machine Tool Builders Assn. has cooked up a simple worksheet for figuring the rate of return that a new machine will earn. The plan is spelled out in detail in a new booklet, "Computing Return on Invested Capital," with the worksheet on the back.

• **First Steps**—To figure costs on this basis, you start with direct labor costs on both the old machine and the new machine. If both machines take a full-time operator (assumed in the example above) these will be the same.

Next you add the fringe costs—social

security taxes, paid vacations, group insurance, and the like. This gives you the total hourly labor cost.

Divide by the number of parts that each machine will produce in an hour and you get the labor cost per unit.

• **Rate of Output**—The next step is to figure out the daily savings in labor costs. To do this, you first estimate the daily production of the new machine and then multiply by the per-unit costs of each machine.

When you have figured what you can save on labor costs, add in the dollar value of any additional benefits. Maybe the new machine will allow you to change the shop layout. Or maybe it is safer and will get you lower rates for workmen's compensation insurance. Maintenance probably will be less. So will scrap, and down-time. If you can put a cash value on any of the new machine's advantages, add it in here. This gives you the total annual savings. In the example, it comes to \$2,575.

• **Final Steps**—Now you come to the front office arithmetic—depreciation, taxes, and recovery of investment.

Say you plan to use the new machine for 10 years. Then you have to get back \$742 a year to recover your \$7,420 investment in it. If the tax regulations allow 20-year depreciation on this kind of tool, you can charge off \$371 a year, free of taxes, as depreciation. The other \$371 has to come from profits. But 38% of every profit dollar goes as taxes. So you will have to make \$600 a year before taxes to end up with \$371.

• **The Crucial Figure**—Add these two, and you get \$971. That's the portion of the savings from the new machine that will have to be earmarked each year for recovery of capital. In other words, if the machine won't save you that much, you can't hope to get your money back. If it will save you more than that, the difference will be a net gain.

So you subtract the \$971 that you need for capital recovery from the \$2,575 that you expect the machine to save in costs. The difference, \$1,604, is the annual return on your investment. Divide that by the cost of the machine, \$7,420, and you get 21.6%. That's the percent return that your money will earn if you invest it in the new machine.

• **Comparison Possible**—When the shop superintendent has figured things out on this basis, he has a set of dollar figures to use on the front office. He also has a handy way of comparing the advantages of one possible replacement with another.

Say there is a machine somewhere else in the shop that could be replaced for only \$4,000. The superintendent runs the figures and finds that the savings will yield only a 10% annual return. Obviously, it's better business to put the money into replacing the more expensive machine, where it can earn 21.6%.



Scales today provide vital accounting data that directly affects your costs... and profits! That's why it's so important to control your costs with TOLEDO accuracy!

Your weight records originate at many points throughout your plant—in receiving, shipping and in production departments—supplying basic information that affects your inventories, receivables, payables and the final profit figure!

Toledo has the scales to start your cost records right—and improve product-quality—in weighing, checking, testing, counting, batching, force-measuring. Toledo has the know-how to help you—also, service as near as your telephone with factory-trained service men in 200 cities of United States and Canada. Send for bulletin 2020 on Modern Weight Control. Toledo Scale Company, Toledo 12, Ohio.

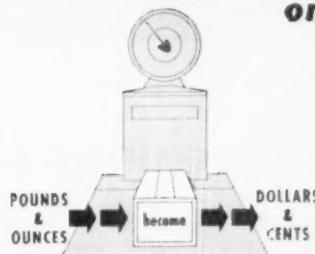


TOLEDO PRINTWEIGH SCALES stop errors... print BIG figures—ACCURATE weights—with split-second speed!



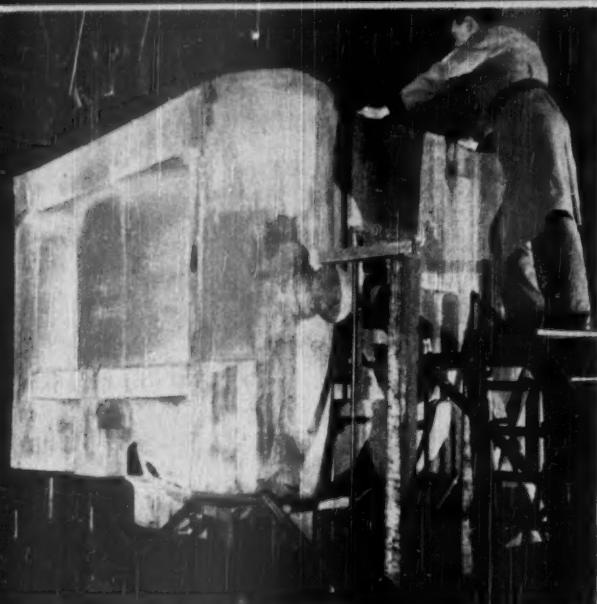
COUNTING SCALES—These Toledo Scales count small parts rapidly and accurately.

MATERIAL becomes MONEY on your SCALES!

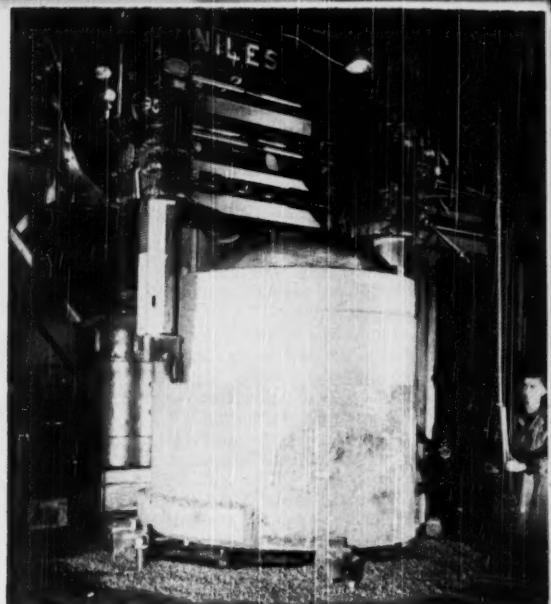


Errors made at the scale stay wrong forever. There is no chance to recheck; either the material has been shipped or has lost its identity in the general stock. You've got to be right—weigh it right with Toledo!

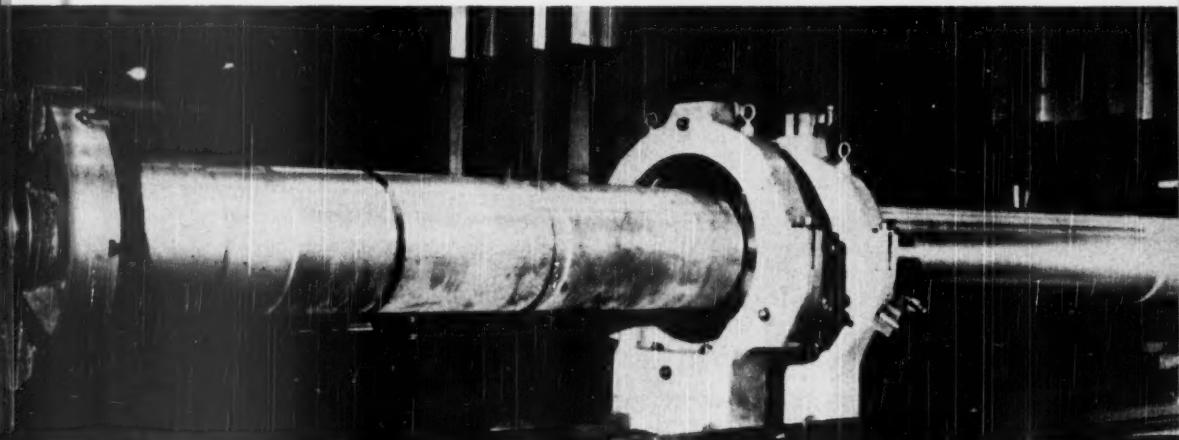
Guard Costs with
TOLEDO All the Way



ROUGH PLANING trims 4 in. to 5 in. off a 93,500-lb. steel casting at Hydraulic Press Mfg. Co. Casting will become one of three press cylinders.



MILLING a 38,700-lb. cast-iron piece to within 0.005 in. is another part of the job. It will take 115 hr. to machine this ram. Casting itself required seven days to cool.



TURNING the strain rods for the big press takes one two-shift, 40-hr. week for each rod. They are 297½ in. long, weight 19,000 lb. each. Work requires threading both ends, machining journal diameter to 0.001-in. tolerance, cutting

It Takes Big Machines Like These to Make

Press making is big business—literally. Presses themselves are usually big items—even when they are used to form small parts. And you have to have big planers, millers, boring machines, and lathes to build them.

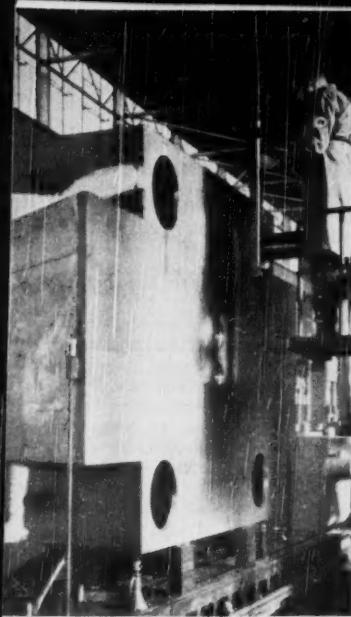
Hydraulic Press Mfg. Co., Mt. Gilead, Ohio, has been making big ones for years. But its latest is a real giant, an 18,000-ton press for high-pressure steel pipe. HPM engineers spent five months designing the first model for National

Tube Co. This week HPM got an order for another one, from Consolidated Western Steel Co. Hydraulic's engineers figure it will take about 17 weeks to turn it out.

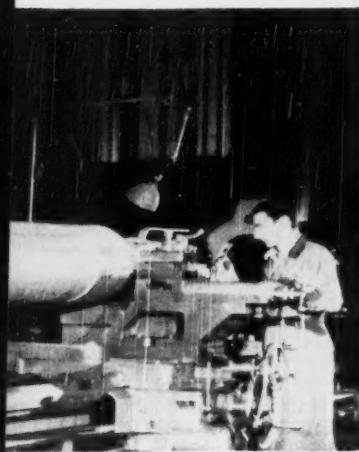
Actually this 18,000-ton job is three presses in one, an in-line arrangement of three 6,000-ton models. It will take 40-ft. lengths of steel, shape them into high-pressure pipe on its 54-in. by 492-in. die surface mounting.

Here's what happens: First a steel

plate, 113 in. wide, 40 ft. long, and ½ in. thick, is fed into a 2,000-ton press where it is shaped into a long "U." Then the U-shape is placed around a mandrel—a stationary die for forming pipe in HPM's 18,000-ton giant, and the press ram forms the U into a pipe 36 in. across. Forming, which is done while the metal is cold, takes about 47 sec. Once the pipe is formed, it is carried to an automatic welder which completes the process by welding up the seam.



BORING the press bed is done on a big planer-type machine. Bed is a 20-ton welding, took 5,750 lb. of welding rods.



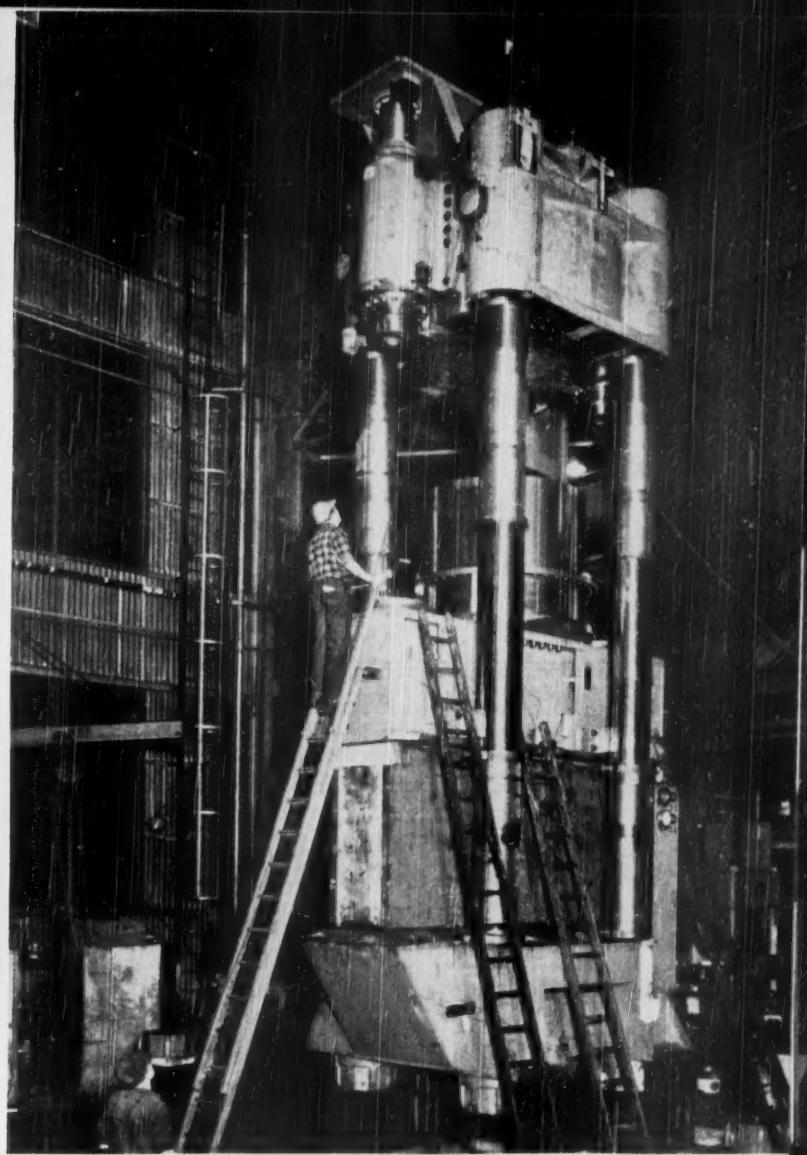
ring slots. Nuts that fasten rods in press weigh about half a ton each.

Big Machines

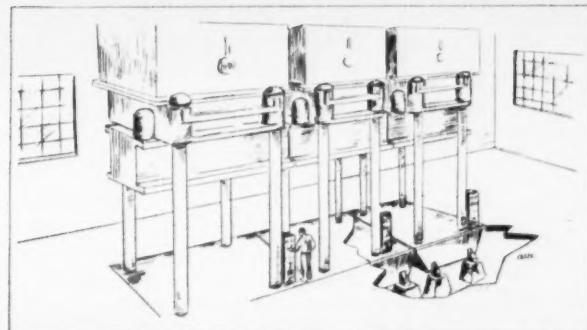
The stamping monster itself weighs more than a million pounds, and stands on a heavy, concrete foundation below the plant floor.

The electrically driven hydraulic system of the press uses more than 5,000 gal. of oil to put the squeeze on the ram.

Twelve strain rods connect the cylinder and ram assembly of the press to its 20-ton welded base. These rods are $29\frac{1}{2}$ in. long, 17 in. thick, and weigh 19,000 lb. each.



ASSEMBLY is a three-part job, requires plenty of room and heavy handling equipment to lift the huge pieces that fit together like a precision watch.



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Every Purpose

Michaels also manufactures a wide range of building materials in aluminum and stainless steel, as well as MI-CO Parking Meters. Literature is available on all Michaels products.

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There's no need to duplicate duct work, pipes and blowers for summer air conditioning and heating... that's double expense and a double waste of space.

Specially designed Janitrol Gas-Fired Unit Heaters are quickly and economically installed right in the duct work of your new or present air conditioning system.

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- Whatever you need in bronze plaques it will pay you to contact Michaels. Plaques may be made any size, any shape, any design to meet all requirements. Used for all types of buildings and building lobbies, for offices, parks, playgrounds, for dedicating memorials, grave markers, name plates for desks, paying, receiving windows of banks and business offices, and scores of other uses. Michaels plaques are made of virgin bronze with lettering, borders and ornamentation hand chased and burnished for contrast. Fast service. High quality work. Tell us what you need. We'll be glad to furnish sketches and quotations without cost or obligation.

New Synthetic?

No man-made rubber so far is satisfactory for truck-tire carcasses. So the government is road-testing new formulas.

The ideal synthetic for tire carcasses is still a good way off.

GR-S (government rubber, styrene type)—the wartime development—is satisfactory for passenger tires. But GR-S generates too much heat in flexing; thus, it can only be used in limited quantities in truck tires. In the past few years, a new material—cold process rubber—has come along (BW—Oct. 16 '48, p74). It's made from the same basic ingredients as GR-S—butadiene and styrene. Because of its high abrasion-resistance, it has proved well suited for treads. But not for carcasses.

• Still Unsolved—So, despite technical progress, rubber scientists still haven't achieved the goal of a synthetic suitable for a tire carcass, particularly in truck casings. The material should be as tacky as the real thing—and it shouldn't generate the heat that is the big drawback to GR-S. (Heat is the chief enemy of a tire.)

Many new formulas have been developed—late in the war and since—which, in laboratory tests, have given promise as satisfactory carcass rubber. But rubber technicians know that synthetic doesn't behave in actual road tests as it does in controlled lab tests. (In natural rubber the reverse is true: A highway test is almost certain to bear out the results of lab experiments.)

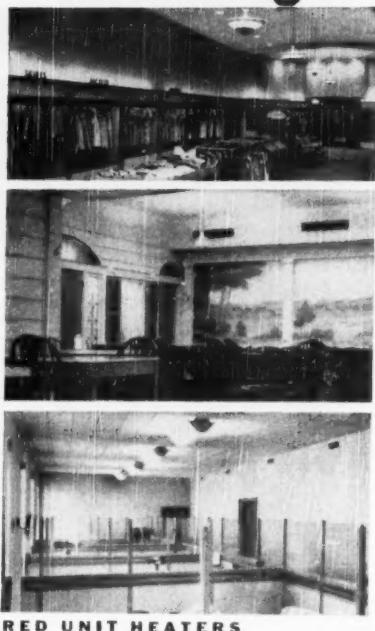
• Road Tests—Until recently, there has been no opportunity to test the true worth of the various formulas. But now the Office of Rubber Research is running road tests on the new synthetics, hoping to find one in the group that might be the answer. Tires made from these various materials are being used on the government test fleet in Texas. Industry scientists figure it is a long shot, but worth trying.

Whether a good carcass rubber has been discovered won't be known until all the tests' are completed some months hence.

Researchers say that if a carcass rubber can be uncovered as good as the tree product, it will be the last big step needed to free America from dependence on Far Eastern plantations.

• Solved?—Chances are that if any of these formulas prove to be good carcass rubber, they will be good for treads too. In that case, the whole rubber problem would be virtually solved, and the need for a huge stockpile of natural rubber would be all but eliminated.

In addition to the road tests, ORR is



continuing its government-sponsored laboratory research into man-made rubber, both in universities and in industrial labs.

One of the stipulations when ORR canceled the synthetic-rubber patent pool recently was that the Big Four producers agree to enter into new short-term contracts with the government to carry on specific research until June 30, when the current rubber act dies. This they are doing.

PRODUCTION BRIEFS

A new soybean plant opened by Glidden Co. at Indianapolis boosts its output of the processed bean by 250 tons a day. Blaw-Knox built the plant at a cost of \$3.5-million.

Making Inventions Pay, a book by Joseph C. Keeley, lays down rules for manufacturing, marketing, and selling your product ideas. Whittlesey House, McGraw-Hill Book Co., is the publisher.

Gas turbine-electric locomotive (BW-Jun. 18 '49, p83), built jointly by American Locomotive and General Electric, has already piled up 27,500 mi. in road tests. On Union Pacific lines, it handled 67-million ton-mi. of freight traffic.

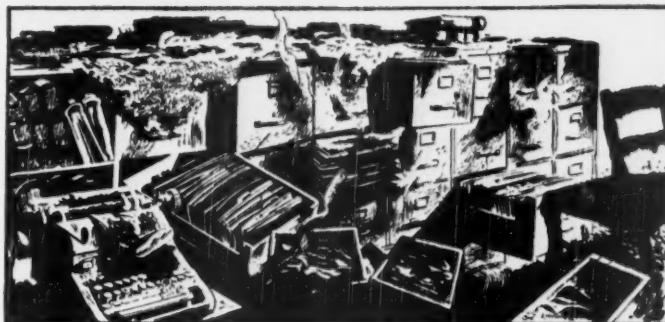
A \$3.6-million Air Force order for gas-turbine heaters has gone to AiResearch Mfg. Co., Los Angeles. The company says this is the first time its gas turbines will be used for heating.

Drying buying: Standard Steel Corp. rounded out its line of drying equipment by buying the Drying Machinery Division of Hersey Mfg. Co. Hersey specializes in driers for the sugar, wood, and starch industries.

Uranium metal will be used by the B. F. Goodrich research center in experimental studies with electron microscopes. The Atomic Energy Commission has licensed the company to buy 1/4 lb. of the metal.

An atomic ship engine will be in the design stage some time this year at AEC's Arco testing station at Idaho Falls, Idaho.

An incubator for new products—that's the idea behind a products and marketing committee set up by the Oakland (Calif.) Chamber of Commerce. Its object is to get new products for local manufacture, then market them.



What would it cost to replace your records and books?

(Files, accounts, ledgers, blueprints, abstracts, library, inventory, etc.)

Based on Claim File No. 96B8785 of the Hartford Accident and Indemnity Company. On September 10 the office of our warehouse was damaged by fire, resulting in a \$28,000 loss to building, machinery and equipment. This was in line with our estimate of value when the insurance was bought. However, we were certainly in for a surprise when we began to figure the cost of replacing blueprints, inventory records, etc.! Our first guess was around \$5000, and this price went up every day until now we know that the records destroyed could not be replaced for \$40,000. We had \$25,000 Valuable Papers Insurance, which we thought more than enough, and yet this fire destroyed only a small part of our records. We appreciate very much the way Hartford handled this claim and the promptness with which we were paid.

• • •
Most business and professional men need *Valuable Papers Insurance*. This covers replacement cost, not only against fire but against loss due to explosion, windstorm, theft and most other causes.

Write for a sample policy or see your Hartford agent or insurance broker who will gladly furnish details of this low-cost, broad protection. In over 5000 communities you can secure the name and address of the nearest Hartford agent quickly by calling Western Union and asking for "Operator 25".

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YEAR IN AND YEAR OUT YOU'LL DO WELL WITH THE HARTFORD

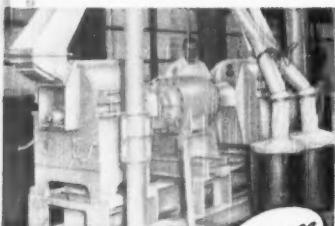


NEW PRODUCTS

OUR BUSINESS IS STRAIGHTENING OUT QUESTION MARKS

When mass reduction of materials is a problem . . . that's where we come in. We have been doing it for every phase of the process industries—for chemical, food, pharmaceutical, soybean, cottonseed, linseed, wood, and ceramic plants . . . for distillers, packers, and millers. We are confident we can do it for you! This confidence is based on a combination of experienced engineering judgment, the right equipment and day-after-tomorrow planning. Let us tackle your problem and show you how the ruggedly dependable Prater Dual Screen

Triple Reduction Pulverizer will fit into your system for lower cost and improved quality of output. Prater Pulverizer Co., 1502 S. 55th Ct., Chicago 50, Illinois.



Send for illustrated book—“THE PRATER dual-screen PULVERIZER in the PROCESS industries.”

**PRATER
PULVERIZERS**



CAPSULES, costing about 9¢ a piece, contain new warmer-upper compound.

Medicine for Cold Auto Engines

Mixture of ether and ethyl, which ignites faster than petroleum fuel, pre-heats combustion chambers. Comes in capsules.

Petroleum engineers of California Oil Co. have concocted a medicine that takes cold-weather cramps out of auto and truck engines.

The starting compound, a mixture of ether and ethyl, comes in capsule form for easy insertion into an engine on a cold day. With the aid of a simple applicator, California Oil's Chevron Starting Fluid starts a stiff engine in less than 10 seconds at -25°F.

• **Origin**—Originally the product was developed during the war for use on Alcan Highway tractors in Alaska. Since 1943 the company has had the idea under development for use in the consumer market. It has also had the product under field tests for farm-equipment.

The adapter for the capsules may be installed on a dashboard or on a post under a steering wheel. The driver slips a capsule into the adapter, presses a plunger which releases the starting fluid. Then the driver primes the liquid, forcing it through one or more atomizing nozzles attached to the intake manifold.

• **What Happens**—In the manifold, the starting vapor mixes with incoming air and passes into the engine's cylinders. The vapor, exploded by the ignition spark, warms the combustion chambers, prepares them for the intake of the normal fuel. Explosion occurs because the



ADAPTER releases fluid from capsules.

vapor has a much lower ignition-temperature than the petroleum-fuel.

The company plans to have a packaged adapter for the capsules on the market some time this year. Retail price will be roughly \$15. The starting capsules will cost about 9¢ apiece.



Magnetic Amplifier Makes Simple Control

The magnetic amplifier is the latest pet of electrical engineers.

A simple, unit-type control, it offers smooth, split-second timing of motors and production machinery without a lot of complicated design work. Although it isn't a cure-all for design men, it can often replace more expensive mechanical, motor, and tube-type controls.

A demonstration model of a magnetic amplifier has been developed by Vickers Electric Division, Vickers Inc., 1815 Locust St., St. Louis 3, Mo. for study and research in industry and education.

Components are mounted on a flat base for easy access. A multicontact terminal strip provides a variety of connections for changes in the basic hook-up of the amplifier. That way the unit can be adapted to a number of control applications by a few wiring changes.

Reference material and bulletins included with each unit give wiring diagrams of several control circuits that may be used. As a further aid, application and performance characteristics of Vicker's standard models are also included.

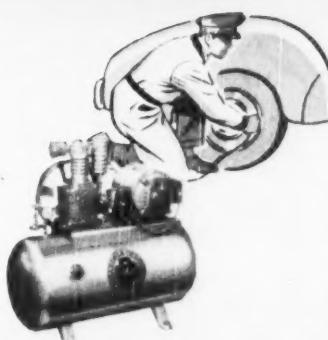
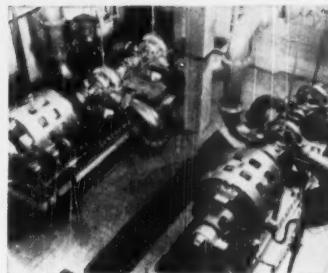
NEW STAINLESS ALLOY

A new stainless alloy has been developed by Armco Steel Corp., Middletown, Ohio. And Armco says it will broaden the field of application for stainless steels.

The steel, known as 17-7 PH Stainless, is available in strip, sheet, plate, and wire form. It offers the unusual combination of good workability, low-temperature heat treatment, and corrosion resistance.

Armco recommends the alloy for aircraft and automotive parts where high

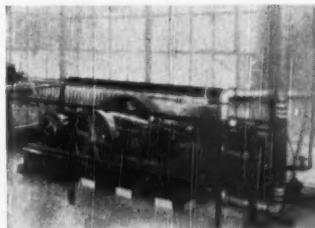
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Many Laundries rely on Gardner-Denver RX Compressors to help speed their work. So, also, do woodworking plants, food processors, foundries, etc.

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—keeping Gardner-Denver quality in mind—and the chances are you'll find you can use Gardner-Denver compressors, pumps, rock drills or other pneumatic equipment to your advantage. For complete information, write Gardner-Denver Company, Quincy, Illinois.

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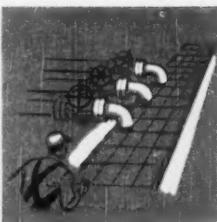
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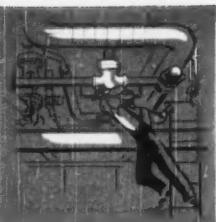
VALVES...



OPERATED FREQUENTLY?



DISTANT?



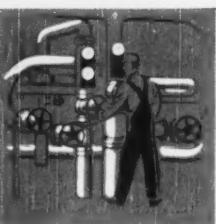
HARD TO GET AT?



BIG?



HOT?



IN COMPLEX SEQUENCE?

AN OPEN AND SHUT CASE FOR ELECTRIC OPERATION

Hand operation is false economy on any valve that should be opened and closed by a Cutler-Hammer Motorized Valve Operator.

It is either a costly misuse of manpower, a sacrifice of process improvements, or both. A Cutler-Hammer unit can close in 60 seconds a large valve that would require an hour or more for human hands to accomplish unaided. And minutes may be of utmost importance in an emergency. At the touch of a button, a Cutler-Hammer unit can close a valve miles away... or in any hard-to-reach or hazardous location. By automatic interlocked control Cutler-Hammer units also can make valves perform properly, safely and reliably.

in correct sequence for any process requirements.

Cutler-Hammer Motorized Valve Operators are offered in a complete line; an operator for every size and type of valve from $\frac{1}{4}$ inch up. Their mechanisms have been designed through years of experience to prevent damage to valve seats or jamming of valves at high pressures and temperatures. A Cutler-Hammer engineer will be glad to counsel with you on your valve operation problems. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin.



strength and corrosion resistance are essential. The alloy's yield strength in compression—a critical factor in aircraft design—is approximately equal to its yield strength in tension.

The alloy requires only a low-temperature heat to develop full strength and hardness. This low temperature, from 850°F to 1,400°F, virtually eliminates the cracking, distortion, and internal stresses usually encountered in standard heat-treating practices. The hardening process leaves no heavy oxide scale formation, so there are no finishing problems.

FOR NARROW AISLES

Pallet stacking in a warehouse with a power truck is a cinch if you have enough aisle and floor space for loading maneuvers. But what if you don't?

Spacemaker, made by Lyon-Raymond Corp., 5266 Madison St., Greene, N. Y., is a tiering truck for warehouses that haven't an inch of room to spare.

Although 10-ft. to 12-ft. aisles are usually required for tiering 48-in. pallet loads, Spacemaker can handle the job at right angles from a 6-ft. aisle, according to the company. In manufacturing department, where space is most congested, box-type skids can be right-angle tiered from a 5-ft. aisle.

In multistory buildings, where floor and elevator capacities aren't enough for conventional power trucks, Spacemaker may be driven with safety.

The truck comes in 3 different models: (1) platform type for tiering skids, (2) fork type for tiering single-face pallets and (3) straddle type for tiering two-face pallets.

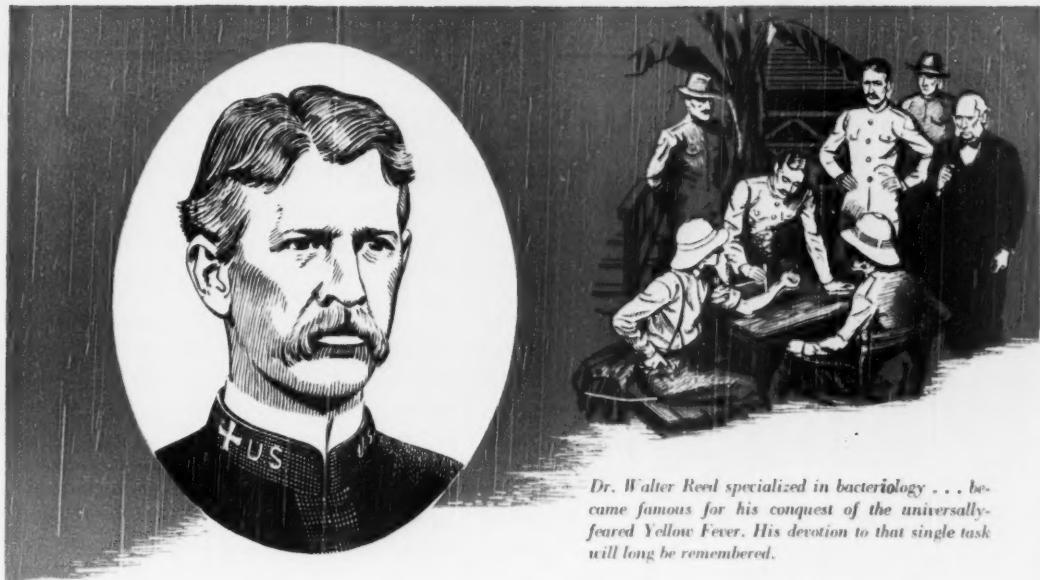
NEW PRODUCTS BRIEFS

A low-cost plasticizer, developed by General Electric, resists heat, weather, and light. Its use: compounding certain types of lacquers and synthetic rubbers. GE's Chemicals Division, Pittsfield, Mass., will supply samples.

A du Pont insecticide, EPN, fights mites, the tiny eight-legged pests that plague orchards. Tests show EPN is less toxic to warm-blooded animals than other similar compounds.

A corrosion-resistant finish for aluminum, Iridite Alcote, coats the metal the color of light bronze. A 10-sec. immersion does the trick. Made by: Allied Research Products, 4004 E. Monument, Baltimore.

Two core materials for magnetic amplifiers and contact rectifiers have been developed by Westinghouse Electric. The materials: Hipersil and Hipernek V.



Dr. Walter Reed specialized in bacteriology . . . became famous for his conquest of the universally-feared Yellow Fever. His devotion to that single task will long be remembered.

Reed Rid The World Of A Fever

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FINANCE

Trust Sales: 1949 Terrific!

Ten-Year Record of 91 Open-End Investment Trusts

Year	Sales of New Shares (Thousands of Dollars—000 Omitted)	Share Redemptions (Thousands of Dollars—000 Omitted)	Net Sales	% Redemptions to New Share Sales	Total Net Assets (000 omitted)	Number of Shareholders
1940	NA	NA	NA	NA	\$447,959	296,056
1941	\$53,312	\$45,024	\$8,288	84.4%	401,611	293,251
1942	73,140	25,440	47,700	34.7	486,850	312,609
1943	116,062	51,221	64,841	44.1	653,653	341,435
1944	169,228	70,815	98,413	41.8	882,191	421,675
1945	292,359	109,978	182,381	37.6	1,284,185	497,875
1946	370,353	143,612	226,741	38.8	1,311,108	580,221
1947	266,924	88,732	178,192	33.2	1,409,165	672,543
1948	273,787	127,171	146,616	46.5	1,505,762	722,118
1949	385,526	107,587	277,939	28.0	1,973,547	842,198
TOTALS	\$2,000,691	\$769,580	\$1,231,111	*38.4% **\$1,525,588 ***\$46,142		

NA Not available.

* Yearly average of redemptions to new share sales. ** Increase during 1940-49 period.

20 Investment Trusts: How They Grew Last Year

	Net Asset Value Per Share		~1949 Dividends~		Appreciation		Return From Investment Income†
	Dec. 31, 1948	Dec. 31, 1949	From Security Profits	From Invest- ment Income	On Net Asset Value	From Securi- ty Profits	
Affiliated Fund ¹	*\$3.70	*\$4.23	—	\$0.28	14.3%	—	7.57%
American Business Shares ²	*3.64	*3.90	—	0.18	7.1	—	4.95
Axe-Houghton Fund ²	*6.99	*7.68	\$0.12	0.28	9.9	1.7%	4.01
Broad St. Investing ¹	14.98	16.63	—	0.89	11.0	—	5.94
Bullock Fund ¹	15.61	17.80	0.08	0.92	14.0	0.5	5.89
Chemical Fund ¹	12.73	14.99	0.47	0.54	17.8	3.7	4.24
Commonwealth Investment ²	*5.30	*5.72	0.07	0.23	7.9	1.3	4.34
Dividend Shares ¹	*1.38	*1.54	0.02	0.07	11.6	1.4	5.07
Eaton & Howard Balanced Fund ²	23.65	27.14	—	1.10	14.8	—	4.65
Eaton & Howard Stock Fund ¹	15.34	18.22	0.50	0.72	18.8	3.3	4.69
Fidelity Fund ¹	22.79	26.67	0.22	1.23	17.0	1.0	5.40
Fundamental Investors ¹	13.18	14.93	0.08	0.69	13.3	0.6	5.24
Investors Management Fund ¹	12.96	14.57	0.21	0.69	12.4	1.6	5.32
Keystone Blue Chip Comm. Fund ¹	*25.59	*29.15	—	1.22	13.9	—	4.77
Keystone Low-Price Comm. Fund ¹	*4.35	*4.81	—	0.26	10.6	—	5.98
Loomis Sayles Mutual Fund ¹	91.65	98.66	3.76	3.24	7.6	4.1	3.54
Mass. Investors Trust ¹	24.27	27.67	0.02	1.40	14.0	0.1	5.77
National Investors Corp. ¹	7.94	9.40	0.13	0.40	18.4	1.6	5.04
Nation-Wide Securities ²	12.76	13.97	—	0.70	9.5	—	5.49
George Putnam Fund ²	14.14	15.61	0.11	0.69	10.4	0.8	4.88

¹ Open-end fund with holdings predominantly common stocks. ² Open-end fund with diversified portfolio containing bonds and/or preferred and common stocks. * Bid price, which approximates net asset value. † Based on 1948 net asset values.

1950 Better

Net sales of investment trust shares rose 89% last year. One reason: Dealers like the fat commissions on them.

For the nation's investors, last year, open-end investment trust shares were the sensation of the season.

• **Sales Up Sharply**—Out of savings, the people bought enough trust shares to send net sales of 91 leading open-end investment companies to a record \$278-million—89% above 1948 (table, page 00). By comparison, sales of Series E savings bonds gained 53%, life insurance policy sales only 2%. Deposits of mutual savings banks managed a climb of less than 5%.

Total assets of the investment funds shot up, too—31.6% above 1948. That compares with a gain of 21% in the assets of building and loan groups, 4.5% in mutual savings banks, 7% in life companies.

• **Prospects**—Good as the 1949 showing was, 1950 may be better. Many trade leaders think net sales this year will top \$300-million.

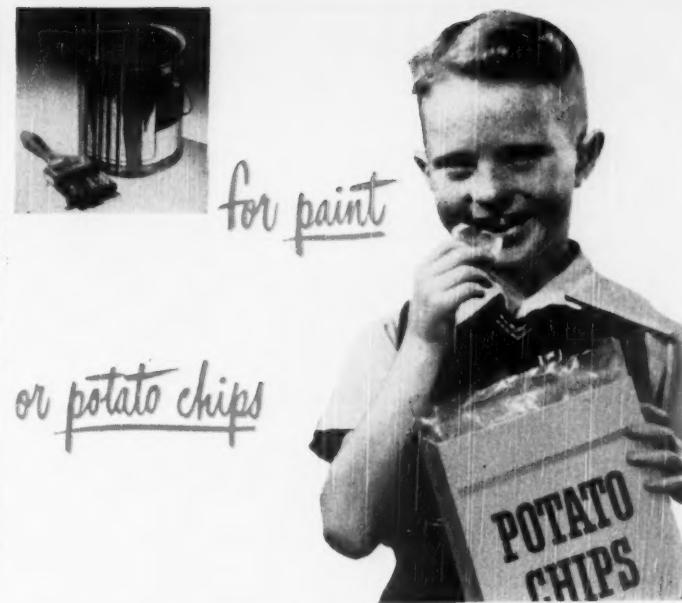
All this, of course, hinges on the theory that business, in general, will at least hold an even keel through 1950. If it does, passing the \$300-million mark shouldn't be too tough. Sales so far this year have carried on the 1949 uptrend. It would take little more than half last year's percentage increase to send sales soaring over \$350-million.

• **The General Market**—What's behind the spectacular rise of open-end shares?

One thing that helped last year was the market's bright performance from June through December. That stirred up interest in securities. Open-end trusts racked up about 74% of their net sales total in the July-December period. Over the same months, outstanding shares offered for redemption came to less than 23% of new-share sales; in the first half of the year, redemptions ran about 40%.

The market's showing had another healthy effect: About 72% of the gain in total assets of open-end trusts stemmed from the jump in value of their security portfolios.

• **Basic Reasons**—There are two, more basic, factors, though, behind the whole investment-trust picture. For one thing, the redistribution of national income over the past 10 years has created an



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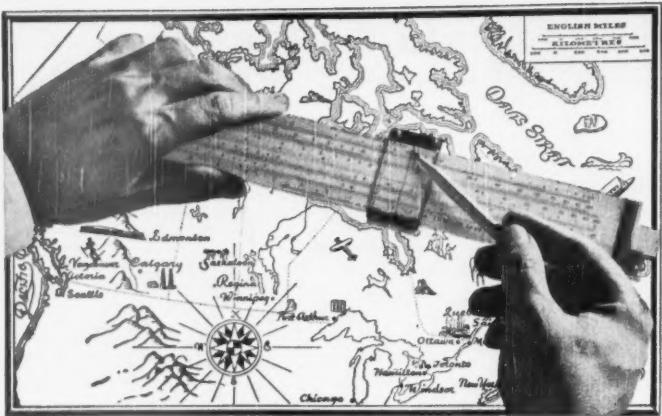
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entirely new group of investors. Most of these people know little about the art of money management.

Secondly, many people today are plagued with a feeling of insecurity. There is an increasing desire to shift responsibility for money decisions to someone better trained to do the job.

Both these factors fit neatly into the idea of the open-end investment trust. The trust gives investors a way to benefit from the experience of those who have made investment management their life work. And it makes it possible, through diversification, for the individual to spread his risks.

- **The Loading Charge** — There's a final, more earthy, reason, though, for the success of the open-ends. Dealers get a healthy commission for selling trust shares.

Open-end shares aren't sold through stock exchanges. They can be bought and sold only through investment dealers licensed by a trust's exclusive wholesale distributor. The cost of the shares is their asset value when bought, plus a so-called loading charge. Unless very many shares are bought, this loading charge usually comes up to something between 6% and 9%.

None of the load, however, goes into the coffers of the trust itself. Instead, it's split between the wholesale distributor and the dealer. And the dealer's cut is a lot bigger than what he gets for handling listed issues.

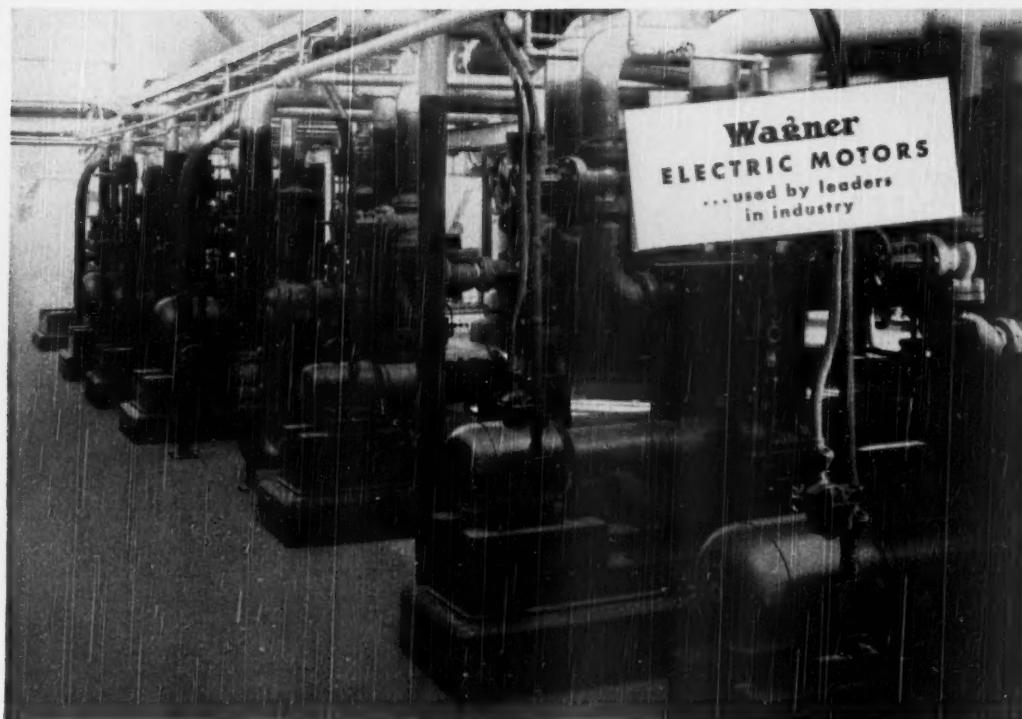
• **Wide Variation**—In 1949, as always, the performance of individual investment trusts varied almost as widely as that of individual common stocks. Among the 20 representative open-end funds listed in the table on page 96, for instance, capital appreciation ranged all the way from about 7% to well over 20%. The variation in yield to investors was also wide: from $3\frac{1}{2}\%$ to $7\frac{1}{2}\%$.

When you stop to consider it, though, that isn't really very surprising. Different investment trusts have different objectives; thus, of necessity, they have different types of investment portfolios.

- **Different** — One fund, for example, may aim primarily for price stability and safety of capital. Its portfolio would probably consist of low-yielding securities: bonds and blue-chip stocks. Another may shoot for capital gains or for a liberal return on capital. It could put its funds in relatively solid "growth stocks," which don't necessarily sell at low prices. Or, if its main interest was in quick, "high percentage" profits, it could invest solely in low-priced speculative issues.

So there's not much point in trying to compare the performances of different trusts. By and large, it just can't be done.

- **No Yardstick, Either**—Nor is it wise to try to use any of the recognized stock-



Wagner motors speed millions of barrels of oil through refineries . . .

The picture above shows one battery of Wagner Type HP explosion-proof motors in action—giving dependable 24-hour-a-day service in the Shell Refinery at Deer Park, Texas.

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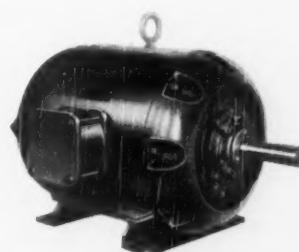
tant roles in refineries—and the reason it will pay you to consult Wagner for *your* motor needs.

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market price averages as a gauge of investment-trust performance. Neither Standard & Poor's index of 90 stocks nor the Dow-Jones 65-stock average can be considered an accurate yardstick. In fact, using them as yardstick of investment trusts might produce very misleading results. For one thing, it's highly unlikely that any trust's security holdings would coincide even approximately with makeup of such an index.

Is there, then, any yardstick that can be used? Just one, according to trust advocates: Ask yourself, "Could I have done as well during the same period, with the same investment objectives, under the same circumstances?"

- **Approval** — Wall Streeters generally approve of the investment-trust idea. For one thing, they like the business the trusts bring them—sales or purchases of securities for the trusts' portfolios are usually executed in the Street. Perhaps more important, they like the way the trusts have been spreading the gospel of stock ownership.

- **Disapproval** — But many far-sighted Streeters worry a bit about the trend, too. For they definitely don't agree that the investment trusts—good as they may be—provide the answer to all of today's investment problems. And they wonder if some new investors haven't been oversold on the virtues of open-end shares.

They don't question that a well-diversified portfolio under the supervision of experts in money-management greatly reduces the risks involved in holding securities. But they point out that stocks will fluctuate—sometimes quite sharply—and that the best-run portfolio can drop sharply in value in periods of stress. Moreover, they say, even the best investment managers can make mistakes; they have no infallible crystal ball.

- **Too Big?**—And many a Wall Streeter will tell you that the loading charge on open-end shares is too large. It is big, certainly, when compared with the commissions charged by brokerage houses for transactions in listed securities. But whether or not that makes it "too large" is a debatable point.

The investment trusts maintain strenuously that it does not, and they put forward many arguments to prove their point. Perhaps the one most often heard is that the loading charge is a "round trip" commission—there are few trusts that levy a charge for redeeming shares.

- **Waiting Period**—There's one important consideration here that should be emphasized. If it costs you \$108 to invest in open-end shares worth only \$100 at the market, the market value has to go up 8%—an appreciable amount—before you can even break even on the transaction, before you are in a position to profit by the rising market that has been under way.

VESSEL DIVISION

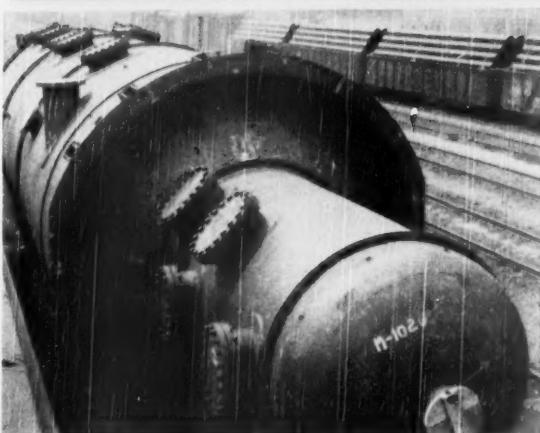
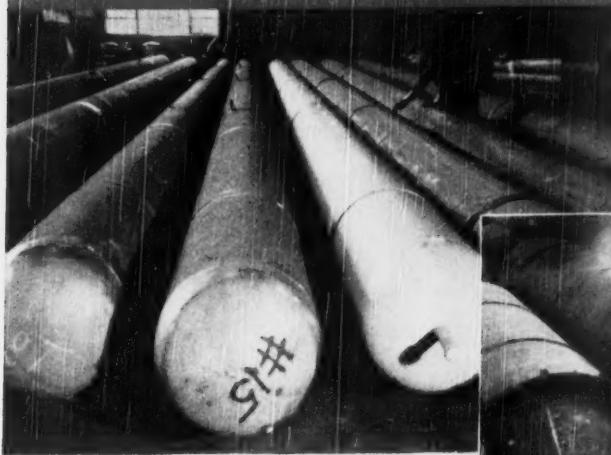
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A. O. SMITH IS A LEADER in manufacturing plain carbon steel and corrosion-resistant pressure vessels. This A. O. Smith Vacuum Column, partially lined with type 405 stainless steel, combines extensive knowledge of both types of manufacture.

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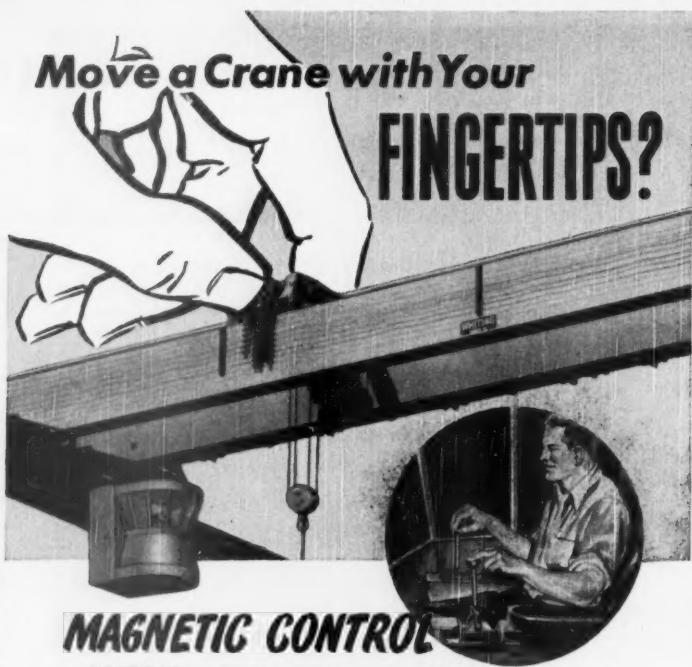
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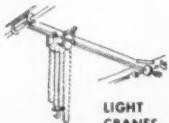
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Merrill Lynch tells the world that its profits dropped 35% last year. It thinks more little fellows are buying stocks.

Merrill Lynch, Pierce, Fenner & Beane is the world's largest brokerage house—and the only brokerage house to issue a full, detailed annual report. Last week Merrill Lynch published its 1949 document.

• **Profits Down**—The report showed that net profits last year dropped to 65% of what they were in 1948. Reasons: (1) Gross revenue from operations was down to about \$25.1-million from \$26.7-million the year before. (2) Operating expenses were up slightly to \$21.3-million. Over-all, there was about \$2.3-million available to ML partners, before personal income tax, compared with \$3.6-million in 1948.

But ML was cheerful. Its senior partner, Charles E. Merrill, declared his belief that 1949 was a turning point in the attitude of government toward investors. He urged investors to support this trend by being their own "one-man lobbies."

Merrill said that his own industry was largely responsible for the lack of new common-stock investors. "The great majority of the securities business hasn't lifted a finger to help in the public education," he said.

• **More Small Investors**—The firm's share of round-lot business on the New York Stock Exchange fell slightly during 1949—from 9.4% in 1948 to 9.3% in 1949. But ML noted happily that its share of odd-lot business had increased to 13.7% from 12.9%.

It thinks this is an indication that its campaign to interest middle- and lower-income groups in the stock market is beginning to take effect. The firm spent \$315,000 for advertising last year and inaugurated free classes on how to invest (BW—Aug. 22/49, p82).

Other 1949 facts:

ML opened its 100th office in 1949, expects to open several more in 1950.

ML executed about 951,000 security transactions, averaging \$18.34 per transaction in commissions; it executed 257,000 commodity transactions, with average commissions of \$15.18.

ML paid other Big Board brokers \$753,000 to execute orders for it, \$137,000 to brokers on other security exchanges, and \$430,000 to commodity brokers.

ML underwrote \$91.5-million worth of corporate and municipal securities. It placed \$36.2-million worth of securities privately.

21 Smart ideas* for 1950!



(L to R) Ford 145-h.p. Model F-7, Model F-5 and Model F-1 passing tough tests at the Ford test track.

America's No.1 Truck Value!

Only Ford gives you a choice of V-8 or Six
in a full line of over 175 truck models!

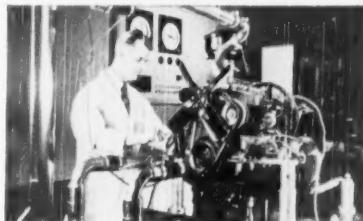
Ford Trucks for 1950 give you new models, new power, new Bonus Built features . . . 21 smart ideas in all. New models like the F-3 Parcel Delivery. New power like that of the new 110-h.p. Six. New features like

air brakes available on Model F-8. You'll find all these smart ideas in America's No.1 Truck Value for 1950, plus Bonus Built construction which means big reserves of strength and power. See your Ford Dealer today!

21 Smart ideas * New 110-h.p. 6-cylinder engine * New Parcel Delivery models * New air brakes available on the F-8 * New wheelbases: 176-in. for F-5 and F-6; 147-in. and 178-in. on Big Jobs * New 15-in. by 5-in. rear brakes for the F-7 * New 4-speed Synchro-Silent transmission with 110-h.p. engine * New single-speed rear axle for F-8 * New, extra-heavy duty clutch with 110-h.p. Six * Million Dollar Cab * Level Action cab mounting * Air Wing door glass ventilators * New Double Channel frame for Big Jobs * Gyro-Grip Clutches * New single-speed axle for F-6 * Roll Action Steering * New, extra-heavy drive line with 110-h.p. Six * QuadraX rear axles * 4 engines—choice of V-8 or Six * New heavy duty 3-speed Synchro-Silent transmission available for F-1, F-2, F-3 * Choice of over 175 models * Bonus Built construction, which means big reserves of strength and power.



NEW PARCEL DELIVERY chassis comes with grille, windshield and front quarter-windows. Available in Series F-3 and F-5 (Special order).

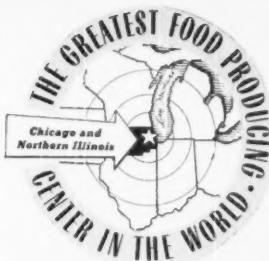


NEW 110-H.P. SIX available on Series F-6 has Free-Turn exhaust valves, Autothermic pistons, chrome-plated top piston ring.

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FORD TRUCKS LAST LONGER**

Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford Trucks last longer.

Nowhere else in the world is so much candy manufactured



One of the most important aspects of Chicago's food processing activities is its world leadership in the manufacture of candy.

More than 95% of Illinois' \$299,713,000 candy production comes from Chicago area manufacturers. In 1948, they accounted for 31% of the nation's \$944,925,000 candy output. Many factors contribute to Chicago's leadership in the candy industry. Essential ingredients . . . milk, butter, eggs, corn syrup and fruits are immediately available from the rich dairy, farm and orchard lands of the surrounding area. Unparalleled rail, water, highway and air transportation brings to the city the sugar, nuts, spices, oils and fruit from all over the world. Added to these are the advantages of the city itself, where specialized equipment for candy cooking, plentiful labor of every degree of training, skilled nutritional research resources, plus expert merchandising and distributing facilities, are ever abundant. The diversity of Chicago's candy products, from the finest packaged goods to the children's penny favorites, reflects the tremendous and varied resources available here to the candy industry. Numerous other industries enjoy similar benefits from location in the Chicago area. Should you wish information concerning Chicago's advantages for your business, we will gladly furnish you a confidential survey of conditions here, as they apply to your specific problem. There is no obligation, of course.

Industries in the Chicago area have these outstanding advantages: Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record • 2,500,000 Kilowatts of Power • Tremendous Coal Reserves • Good Government • Good Living • Good Services for Tax Dollars.

TERRITORIAL INFORMATION DEPARTMENT

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**COMMONWEALTH EDISON COMPANY • PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS
WESTERN UNITED GAS AND ELECTRIC COMPANY • ILLINOIS NORTHERN UTILITIES COMPANY**

Maine Helps Small Business

New corporation will lend money to companies that can't get it from banks. Local industries own the stock; banks, insurance companies, building-loan firms will supply credit.

Maine bankers and businessmen are getting up a special corporation to provide venture capital to small business. It's called the Maine Development Credit Corp. Where banks can't or won't furnish capital loans, the new outfit will lend money to start new businesses, assist others to expand. Purpose: to create new payrolls in Maine.

Credit Up To \$1.5-Million—Capital stock of \$50,000 has already been subscribed by local industries. This will provide a cushion for a maximum of about \$1.5-million of credit, to be supplied by Maine commercial and savings banks, building and loan associations, and insurance companies.

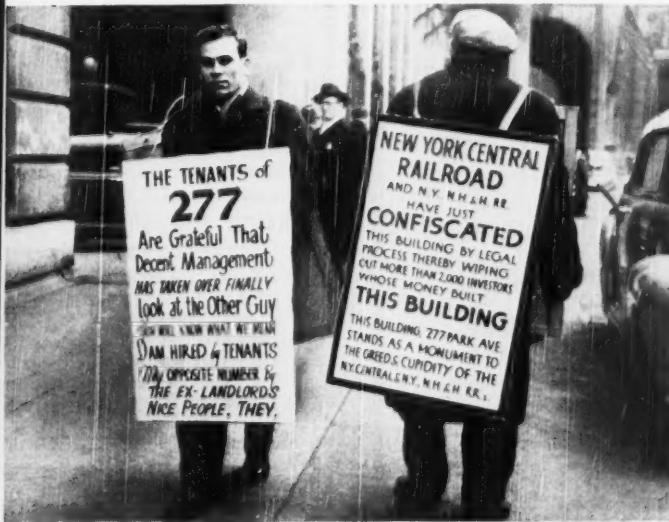
The credit corporation has been formed mainly through the efforts of the Maine Bankers Assn., whose president, Arthur F. Maxwell, was recently elected to head the corporation. Biggest problem was to get the approval of the state bank commissioner. The sponsors met his objections by issuing all capital stock to nonbank stockholders. After

that it was clear sailing: the state legislature issued a charter to the corporation early last year.

• **Unique**—Banks and insurance companies all over the country are showing increasing interest in lending venture capital to small business (BW—Jan. 28 '50, p88). But the Maine bankers believe their credit corporation is the only one of its kind.

The corporation will be supervised and examined by the bank commissioner. Commercial banks and trust companies will be allowed to furnish it funds on call, up to 2½% of their capital and surplus. Savings banks may furnish credit up to 2½% of their reserve funds; building and loan associations up to 2½% of guaranty funds. Local insurance companies may loan up to 2% of their invested assets.

Maine industry has been enthusiastic; the stock issue was oversubscribed. But some of the eligible financial institutions haven't come into the plan yet. "We've still got a selling job to do."



Pickets on Park Avenue

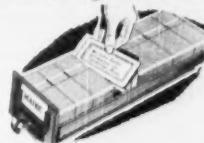
The N.Y. Central and New Haven railroads took over a swank apartment house on Central's land north of Grand Central Station in New York after a long legal battle (BW—Sep. 18 '48, p98). Reason: The operator, 277 Park Ave. Corp., defaulted

during the depression on the lease under which it built house. After the takeover, the building corporation sent out a picket to call the railroads names. Last week another picket, supposedly hired by 277's tenants, appeared to picket the first picket.

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Americans interested in oil and allied industries are invited to employ the facilities of The Canadian Bank of Commerce. With almost 100 branches *within* the oil producing areas, connected with special departments to facilitate good business, we are able to provide the informed, extra services of value to oil men.

Enquiries welcomed.

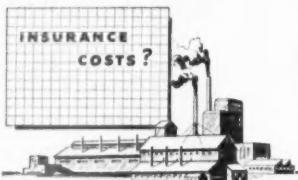


The Bank does not advise
on the merits of oil securities.

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says Maxwell. "Some of the banks don't yet know what it's all about, and course they're cautious."

• **Procedure**—The corporation charter provides that two-thirds of the directors will be chosen by the financial institutions that provide the credit, and one-third by the stockholders. The corporation is already getting plenty of loan applications—including some from out-of-state companies interested in moving to Maine. But it hasn't made any loan yet.

Merrill Thomas, industrial engineer with the state development commission will be full-time manager. He will screen applications to see if they meet the corporation's general purpose of encouraging manufacturing and the processing of agricultural and sea products. The sponsors are interested in enterprises that will put the maximum number of people to work for the amount of credit involved.

After Thomas O.K.'s a loan application, it will go to a local advisory board. This board will assess the project's merits, see how it fits into the local economy, and make sure that no local bank wants to make the loan direct. Final screening will be handled by a committee of directors, who will make a recommendation to the full board.

• **Optimistic**—Founders of the credit corporation hope that its \$1.5-million credit line will give a bigger boost to business than the same amount in the hands of a bank. They think its loans will often provide the final margin of credit—over and above personal funds and regularly available bank loans—that will enable a new business to get started or an established one to expand.

Says president Maxwell: "As far as small business is concerned, we can do a better job than the RFC."

FINANCE BRIEFS

Smaller banks increased their deposits faster in 1949 than the great big ones. The American Banker says the 100 largest commercial banks gained an average of only 2.5%; the next 100 had a gain of 3.8%, the fifth 100 a jump of 3.3%.

Big Board stocks had a market value of \$77.9-million on Jan. 31, up from \$76.3-million a month earlier. Average market price per share: \$33.74, compared with \$35.23 in December.

Changes in the SEC Act, asked for by the Administration, would make companies with \$3-million in assets and at least 300 stockholders file registration certificates with SEC. The commission estimates there are 1,118 of these unlisted companies.

Ringing the Bell

Fire insurance companies made record profits last year. Losses dropped; new business and investment income rose.

The fire insurance business has just had its most profitable year in history. Underwriting profit for the stock companies is estimated at 17.5%, according to Alfred M. Best Co., Inc., insurance analysts. Income from investments also set a new high.

• **Easy to Get**—All this means that you will have very little trouble getting fire insurance in 1950. The companies now have plenty of surplus funds with which to finance the initial expenses of new business. Besides, they will get new competition in 1950 from casualty companies. All property-insurance companies are now permitted to write both fire and casualty insurance in the auto-insurance field. A "commission war" has already popped up here, supposedly started by casualty companies that offered agents higher commissions.

• **Slide**—Fire insurance is now in a real buyer's market. The tremendous post-war increase in business has tapered off. Premiums written climbed 25% in 1946, and again in 1947. But the net rise slowed to about 10% in 1948 and to 5% in 1949.

Insurance observers predict there will be an actual decrease in 1950. Reasons: (1) Rate cuts made in 1949 will begin to take effect; (2) construction costs are declining; (3) competition from the casualty companies will divert business.

• **Formula for a Good Year**—Here's why the stock companies did so well in 1949:

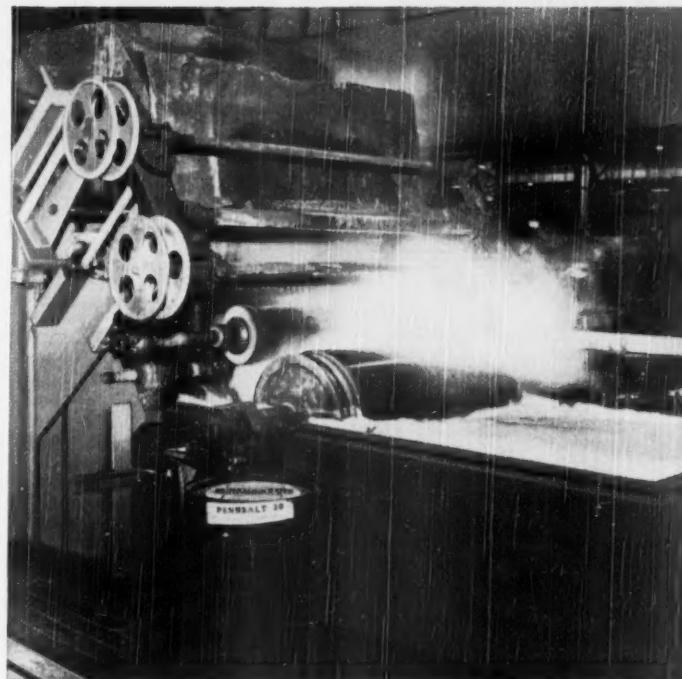
(1) Fire losses were down about 6% from 1948. Losses on the other major lines written by fire insurance companies have dropped, too.

(2) The expenses of getting new business have held steady.

(3) Thus, the increase in premiums written, both in 1949 and in previous years, paid off handsomely in the form of premiums earned.

(4) Investment income during 1949 was also at its highest point. Fire companies have substantial holdings of common stocks; they produced high yields.

• **Dividends Up, Too**—Because of their booming profits, the fire insurance companies are increasing cash dividends. But the payments will come entirely out of income from investments, not from underwriting profits. Dividends are traditionally limited to 75% of investment income, since underwriting results fluctuate widely through the years.



Strip steel gets cleaned in about 2 seconds at Weirton Steel Company's West Virginia plant. One of the foremost steel companies in the country, Weirton has relied on Pennsalt cleaners for many years.

Who ever heard of steel getting cleaned up for dinner?

Billions of meals come to the homes of this country in tin cans . . . cans made of fine steel, which is first thoroughly cleaned, then tin-plated. At Weirton's large mill, the steel for cans whizzes through its Pennsalt cleaning bath at 1500 feet a minute . . . and comes out *clean*.

Only with a perfect cleaning job can the tin hold tight to the steel—smoothly, without defects. And in this vital operation, *most tin-plated steel made in America gets a Pennsalt metal cleaner bath prior to plating*.

This is a typical example of how Pennsalt chemicals serve you: In agriculture, in industry, and in the home—hundreds of Pennsalt products are helping to make life brighter and healthier for all.

Through 100 years of steady progress, Pennsalt has built up a storehouse of chemical knowledge. We would like to apply our ingenuity and experience to the particular problem now facing you. Write: Pennsylvania Salt Manufacturing Company, 1000 Widener Building, Philadelphia 7, Pa.



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THE MARKETS

	Date Latest Bal. Sheet	Recent Price	Book Value	Net Wkg. Capital	1949 Earnings *	Calenda- r Div.
American Distilling	12-31-49	\$34.00**	\$70.96	\$49.50	\$3.40	\$2.00
Amer. Woolen	6-30-49	31.75	71.65	37.67	8.60	3.50
Babcock & Wilcox	6-30-49	54.13	83.62	56.95	16.78	4.00
Bigelow-Sanford	10-1-49	27.63	48.62	36.85	4.10	2.40
Continental Steel	9-30-49	15.00**	31.91	15.12	3.20	1.75
Douglas Aircraft	8-31-49	74.00	126.08	98.46	15.06	9.25
Endicott Johnson	11-30-49	30.00	64.42	36.55	2.48	2.00
Fed. Motor Truck	6-30-49	4.63	12.20	8.38	D0.37	None
Kalamazoo Stove	9-30-49	10.88	21.95	19.33	D1.77	0.50
Kayser (Julius)	6-30-49	12.88**	23.65	14.10	1.70	1.00
Manhattan Shirt	6-30-49	18.00**	40.99	32.90	D0.34	1.20
Montgomery Ward	7-31-49	58.00	70.70	61.86	7.83	3.00
Oliver Corp.	10-31-49	24.88	54.97	45.15	7.19	3.00
Pullman, Inc.	9-30-49	34.63	62.97	50.64	3.14	2.00
Regal Shoe	6-30-49	3.63	5.61	4.39	0.39	0.25
Starrett (L. S.)	6-30-49	29.50**	60.25	39.29	5.47	2.25
White Motor	6-30-49	15.75	55.90	34.04	2.59	1.15

* For the year ending at date of latest balance sheet. ** Bid. D Deficit.

Worth More Dead than Alive

That's what Wall Street calls companies whose stock sells for less than net asset value. But such stocks aren't always bargains; the market bases its opinion on earnings prospects.

You can still buy a lot of good companies—lock, stock, and barrel—for less than the value of their liquid assets. Their stock is selling on the market for less than the value of the net working assets back of each share; the fixed assets—plant and equipment—are thrown in free. Such companies, in Wall Street vernacular, are worth more to their stockholders dead than alive.

A sampling of these stocks includes many names that are familiar to most investors (table).

• **Not Necessarily Bargains**—Aren't such stocks a bargain? Wall Street obviously doesn't figure that way. When people buy stocks, they usually don't study the balance sheet to see what the business would theoretically be worth per share if it were liquidated. They go on the assumption that it won't be liquidated. So they look at earnings and dividends—the past record of what the company has done—and at estimates of what it will be doing six months from now.

On that basis, most of these stocks don't look like such shining bargains. If you figure earnings on the basis of the year ending with the latest balance sheet, they sell in nearly all cases at from five to ten times earnings. On the basis of dividends for calendar 1949,

they yield anywhere from around 5% to about 12%.

• **Crystal Ball Department**—Wall Street evidently expects future earnings and dividends of these companies to be no better—worse, in some cases. The market is a great discounter; its present valuation reflects its estimate of the future.

You can see a relation between Wall Street's estimate of what such companies are worth and the outlook for various industries. Among the companies listed above are a distiller, three textile companies, a rug maker, an aircraft manufacturer, two truck manufacturers. These are all lines where there has been trouble, or where investors are expecting trouble soon.

• **Possibilities**—If you have several million dollars to spare, you might consider acquiring stock control of a company whose net working capital per share is more than the market value of that share. Then you might be able to liquidate the company's assets at a profit. It's been done before.

Or if you knew that a company in this position was going to liquidate, you could buy its stock on the gamble that the break-up value would be more than you paid for it. That's one reason for the constant activity in shares of

public-utility holding companies that have been slated for liquidation under the holding company act.

But the ordinary investor usually doesn't buy an industrial stock just because the company would be worth more dead than alive. Most such companies don't liquidate while they are still solvent. They usually keep going—unless and until working capital is ex-

hausted. That reduces liquidating value.

- **Book Value**—Even in liquidation, a company's stock will often sell below book value—the difference between total assets and total liabilities. Much of that book value will be in the form of fixed assets—plant and machinery. And the odds are that fixed assets won't sell at anything like the value they are carried at on the books.

The Stockholders' Cut is Still Small

Since the war, stockholders generally have had one really legitimate squawk. They've never got what they consider a fair share of corporate earnings. And earnings have been running at record highs.

Dividends have shown some rising tendencies, of course. But not yet in the postwar period has the percentage paid out in stockholder disbursements come anywhere near the payout ratios of prewar days.

- **The Old Days**—Back in 1929, 69% of all corporate earnings was paid out in dividends. Stockholders got a 76% cut in 1939, a 63% share in 1940. But they didn't get any such share any longer.

- **And Now**—Business needed, in earlier postwar years, to keep the largest possible slice out of earnings. Prices were rising so that inventories constantly cost more and more to purchase and carry. Large business

volume meant a high level of receivables; this, too, added to working capital needs.

But the heaviest use of plowed-back earnings has been for expansion and modernization. Industry has been reluctant to sell stock at going prices to finance capital outlays; and most managements have not wanted to increase the ratio of debt to equity capital.

As a result, dividends amounted to only 42% of earnings in 1946, some 37% in 1947, and about 38% in 1948. Probably the 1949 dividend total wasn't much more than 45%.

Another gain in 1950 is possible; yet capital needs still are high (BW—Jan. 21 '50, p73).

The table below tells the story. It compares the percentage of available earnings that went into cash dividends for common stockholders in the 1936-37 and 1946-49 periods.

	1936	1937	1946	1947	1948	1949
Air Reduction	98.5%	104.7%	105.4%	48.2%	42.4%	44.8%
Bethlehem Steel	71.3	65.4	50.9	40.2	25.6	24.8
Black & Decker	—	62.1	46.8	47.0	41.1	58.6
Caterpillar Tractor	101.3	91.6	92.4	56.7	41.0	35.8
Chrysler Corp.	84.2	85.8	48.5	37.3	39.0	E 37.5
Cook Paint & Varnish	60.6	66.2	23.7	19.0	21.7	44.0
Dwight Mfg. Co.	39.7	58.0	28.3	25.0	50.3	64.4
Endicott Johnson	76.7	105.3	58.1	48.2	51.1	80.7
Firestone Tire & Rubber	27.4	75.1	32.2	29.7	28.9	45.3
General Motors	84.1	85.4	127.9	48.0	46.2	E 60.0
Hercules Powder	86.2	93.1	49.5	42.1	56.7	72.6
Inland Steel	62.1	80.1	57.5	41.0	38.1	58.7
International Harvester	47.1	63.4	76.7	49.7	42.9	39.0
International Shoe	89.3	106.4	111.1	54.7	73.9	132.7
Johns-Manville	73.1	81.9	54.2	42.0	38.3	51.8
B. Kuppenheimer	—	93.4	34.4	19.8	29.5	76.0
Liggett & Myers Tobacco	96.5	94.5	74.2	65.9	56.4	69.5
Liquid Carbonic	50.7	74.9	67.7	41.6	32.2	91.8
Lone Star Cement	67.3	88.6	71.7	63.6	56.1	43.6
Mathieson Chemical	85.3	91.2	55.5	48.6	31.1	41.4
Nash-Kelvinator	—	88.3	84.7	21.3	30.2	35.6
National Steel	53.8	42.6	35.4	33.3	30.6	34.3
Ohio Brass	76.1	90.0	76.5	51.0	43.1	70.9
Purity Bakeries	112.4	100.0	72.1	62.7	51.8	66.1
R. J. Reynolds Tobacco	102.4	101.2	70.6	65.8	61.3	53.3
Rice-Stix, Inc.	—	—	24.1	20.0	36.1	84.3
Standard Forgings	111.1	69.4	64.6	46.3	28.9	27.7
Sun Oil	48.8	38.2	26.3	18.6	10.6	20.4
Sutherland Paper	70.9	64.3	34.9	36.3	41.5	54.1
Swift & Co.	63.0	101.8	68.6	55.7	55.0	66.8
Union Carbide & Carbon	62.8	66.5	49.1	47.0	51.5	62.5
United States Steel	—	12.5	54.9	44.9	50.0	41.8
West Virginia Pulp & Paper	37.0	32.7	48.7	26.3	35.3	32.2
Wheeling Steel	—	—	24.0	13.2	9.7	37.4
Youngstown Sheet & Tube	—	47.9	35.3	30.1	23.5	31.6

E Estimate



Who Cares What Happens Off the Coast of MADAGASCAR?

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GENERAL MOTORS BARGAINER Harry Anderson awaits outcome of union feud.

Right-Left Test Due at GM

The way GM electrical workers vote in coming NLRB poll may be key to the whole industry trend, as left-wing UE and right-wing IUE battle it out for top union position.

The headlines said General Motors began talking pensions with the auto workers union this week. But the big labor news there is still in the making. GM's four electrical manufacturing plants, employing 27,500 workers, will soon be the first real testing ground in the battle between left- and right-wing union forces.

Which side GM's electrical workers will take is going to be decided in a National Labor Relations Board poll Feb. 28. Opposing names on the ballot will be: (1) the United Electrical, Radio & Machine Workers, which left the CIO to follow its own left-wing line; and (2) the International Union of Electrical, Radio & Machine Workers, which

the CIO chartered just four months ago to win back UE members.

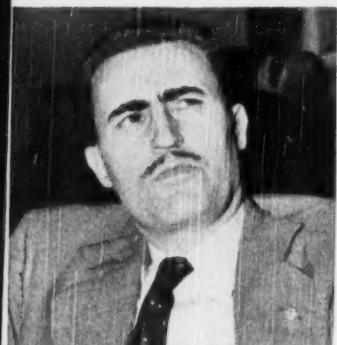
The outcome of the GM poll — first of many which will be held before the electrical manufacturing industry is fully covered — will significantly affect the question of how much power the left wing will be able to hold in the American labor movement. More directly, it will give electrical manufacturing companies their first real basis for evaluating the conflicting claims of the bitterly antagonistic organizations which seek their contracts.

• **Nod to IUE**—Right now, odds are running heavily in favor of IUE winning GM by a comfortable margin. While UE doesn't concede defeat, it

When you must get there



CIO's IUE, right-wing electrical group led by James Carey, is trying to move in on . . .



EX-CIO UE, guided by James Matthes.

already is laying the groundwork for a new position if IUE wins. It's telling local unions: Unfriendly elements have been strongly based in GM plants for years; a swing to IUE there should surprise nobody and isn't really important as an indication of a trend.

Can UE's explanation satisfy the big middle-of-the-road bloc which IUE must take away from UE in order to establish itself as a major union? IUE doesn't think so. The CIO union counts on the impact of a GM victory carrying over into two other major bargaining elections next month—at Westinghouse (with 60,000 unionized employees) and General Electric (with 125,000).

Any union that spoke for GE, Westinghouse, and GM electrical workers would be pretty much top dog in the industry. If GE and Westinghouse workers hop on the IUE bandwagon after a GM victory, then the CIO union figures it will be set for a bright and prosperous future.

• **Both Sides Confident**—UE is confident that it will win a majority of



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Macy's To Visit British Industries Fair



LEO MARTINUZZI

"Ever since it started 35 years ago, Macy's has attended the British Industries Fair," says Leo Martinuzzi, head of Macy's Foreign Buying Offices. "We have always found it very stimulating and very interesting. This year, due to the devaluation of the British pound, we expect to find the merchandise more worthwhile than ever. Macy's will be well represented during the two weeks from May 8 to May 19."

BRITISH INDUSTRIES FAIR

Open: London and Birmingham, May 8-19

GE and Westinghouse employees. IUE thinks the voting will be close, but expects to take over both groups. Industry men watching the UE-IUE feud "guess" that the two unions will split about 50-50 at GE; they won't be surprised to see most Westinghouse locals vote for IUE.

Currently, however, the real strength of the two unions is obscured by claims and counter-claims.

- **Membership:** IUE says it has more than 250,000 members—and that UE

can count only about the same number. But UE figures it has 324,000 dues-payers now, including 50,000 gained through merger with the Far Equipment Workers (ex-CIO) and 12,500 newly signed up in the last few months. UE adds that another 190,000 electrical workers either are in "doubtful" locals—in which dues payments to UE are tied up by court order—or have switched to IUE.

UE's organizing director, James I. Matles, recently estimated IUE's "to

THE LABOR ANGLE

THE DEFENSE DEPT. has amended its security regulations on the employment of individuals of questionable loyalty by its contractors. This is decidedly good news for the many companies which want to apply the regulations honestly, but have been confused about just what the government wanted. It's bad news for those who thought the regulations would rid them of troublesome, left-wing unions. But for all, it brings this: Much-needed clarification.

The Stewart-Warner case (BW—Jan. 21 '50, p104) apparently was a big factor in the Defense Dept.'s amendment move. Before the change in regulations, a contractor's sole guide was the following gibberish: "In the case of military contractors, access to classified military information will be denied if any of the personnel of the contractor is ineligible for access to information or material under the criteria provided for individuals."

STEWART-WARNER interpreted this language to mean that it had the right to fire anyone who refused to swear that he had not been a Communist or Communist-sympathizer since Dec. 7, 1941.

It happens that the individuals directly affected by this decision were leading spirits in the left-wing union Stewart-Warner was determined to deal with no longer. The company eventually retreated from its stand—but not before many embarrassing questions had been raised about how defense regulations could be used to make discharges otherwise prohibited by law. The Defense Dept., concerned about the possibility of its security requirements becoming an anti-union device—and thus the target for attack by loyal unionists whose

support the department must have—then made its changes.

THE NEW CLARIFICATION says that a contractor is doing all that's expected of him if he keeps suspect people in his employ away from classified work. He will not lose his contract by having them in other "nonsensitive" jobs.

Significantly, no one except the Communists questioned the government's right to demand that personnel having access to classified material be loyal to the U.S. beyond a doubt. Nor is there a lack of sympathy for the employer who wants to get rid of a Communist union which has organized his plant. But to use security regulations as a tactic in labor relations is like using a 155-mm. Long Tom for hunting bear. It is an inappropriate weapon. And it may so abuse and discredit the regulations that their usefulness for the purpose for which they were devised may be seriously impaired.

Stewart-Warner no longer deals with the left-wing United Electrical Workers union. S-W and the AFL International Brotherhood of Electrical Workers had the Chicago captain of police make a card check of IBEW membership applications against its payroll. The findings were that a majority of its employees wanted to be represented by the IBEW. So the company has accordingly granted it recognition and will soon open contract negotiations.

The National Labor Relations Board has not certified IBEW as the bargaining agent for Stewart-Warner employees. The board is concerned with processing charges of unfair labor practice which have been lodged against the company by its former union under the Taft-Hartley act.

probable membership during 1950 will be somewhere around 60,000." That figure is based on past strength of right-wing followers of James Carey in the old organization; it ignores gains in recent months.

• **Contracts:** UE claims it has signed 243 contracts covering 118,616 persons since October. During the same period, IUE says it signed 28 contracts covering 35,000 people.

• **Finances:** IUE is still living on funds borrowed from national CIO and other right-wing unions. UE says it's doing all right financially, despite the fact that dues payments from about 28% of its membership are tied up by court orders. The union says it has offset its losses in dues by \$65,000-a-month savings — \$35,000 a month that formerly went to CIO, \$30,000 a month that it spent last year for a weekly radio network program.

• **Litigation:** So far, IUE seems to be way ahead in inter-union squabbling over rights of locals to switch affiliation and carry contract rights with them. IUE locals have consistently won the right to take all assets—local union property and funds—when they switch from UE.

• **NLRB elections:** IUE claims it has won eight small elections and lost three in the last three months. Biggest of these was won at Robert Weiner, Inc., Weehawken, N. J., and involved less than 250 workers. UE, for its part, can claim a series of major bargaining-rights victories in recent months—including victories at International Harvester, Sunbeam, Remington Rand, and Globe Forge.

• **Bargaining:** Whether UE or IUE comes out in front, management can be sure of this: Tough, competitive bargaining lies ahead—with each union out to beat whatever the other wins in negotiations.

You can already see advance signs of this. IUE recently signed a new \$100-a-month pension contract with Philco Corp., where IUE strength was so marked that an NLRB poll wasn't necessary. So UE came up with what it claims is a "better" contract at Westinghouse Air Brake, carrying contributions \$125-\$180 pensions and employer-paid health and hospitalization insurance.

• **Strange Bedfellows** — Watch for growing cooperation between UE and John L. Lewis' United Mine Workers. "Friendly talks" already have been held between the two. UE leaders would rather line up with Lewis than with the red-tagged unions about to be expelled from CIO.

You can expect to see Lewis' anti-CIO sentiment reflected in strong miner backing for UE organizers if they try to move against CIO steel workers and auto workers.

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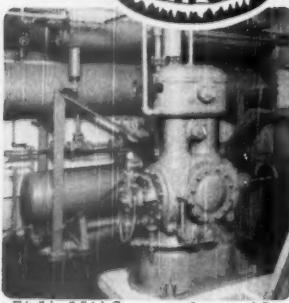


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REPUBLICAN William McFetridge, who campaigned for Dewey, is new member of AFL executive council.

Still Nonpartisan?

That's how AFL wants to look. So it promoted GOP man McFetridge. Choice may spur department store drive, too.

AFL is working hard to preserve the illusion of political nonpartisanship. That's why it elected William McFetridge, head of the Building Service Employees Union, to a federation vice-presidency and to membership on the powerful executive council.

McFetridge is a formidable labor leader with a dominant position in Chicago. He has also done a good job in making a respectable union out of what was once a pretty corrupt organization under the presidency of George Scalise. But he is best known as one of a disappearing species: a high-level labor official who is also a Republican.

• **No Tangling Alliances**—In the old days, AFL was careful to respect the political advice of its founder and sage, Sam Gompers. Gompers fought to keep the federation from tying itself to any political party. He felt that while there might be glittering rewards in being allied with one of the parties when it was riding high, labor would surely suffer when the opposition got in.

So scrupulously did AFL guard its neutrality that it traditionally provided, from among its executive council members, the chairmen of the labor division for both the Republican and Democratic national committees. For many years these were William Hutcheson, boss of

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the carpenters and a long-time Republican stalwart, and Dan Tobin, teamster zar, intimate of Franklin Roosevelt, and a Democratic pillar. Tobin and Hutcheson got along fine and never let their political differences interfere in their business. Their relationship was symptomatic of how little weight politics once carried in the federation.

But Republican sponsorship of the Taft-Hartley act changed all that. Hutcheson's last important involvement with the Republicans was in the 1946 campaign. In 1948 he refused to lift a finger to help the Republican slate. Now, if not a Democrat, he's at least an anti-Republican. And since his desertion of the GOP camp, AFL has been without a top-side leader willing to call himself Republican.

• **Dewey Man**—In 1948, McFetridge carried the load that would normally have been Hutcheson's. He did not accept any official position with the Republican National Committee. But he did head an organization of Labor-for-Dewey—an assignment that had some commentators referring to him as the new Secretary of Labor.

Importantly, McFetridge was by no means a defender of the Taft-Hartley act; his position was that labor would get a better law from a Republican administration. His political activities made most of CIO and many AFL colleagues extremely resentful of him.

The fact that he has now recouped enough standing to get elected to the council membership surprised many.

• **Playing Safe**—It signifies two things. First, that McFetridge is no longer written off as a political opportunist; second, that while the federation is driving hard to increase the Democratic majority in Congress in 1950 and get rid of the hated T-H law, it doesn't want every last one of its eggs in one basket. Having one of its high officials welcome at the seat of power if the Republicans win will give it an advantage.

• **Employers Take Note**—Meanwhile the McFetridge elevation will interest a number of employers.

The basic jurisdiction his union holds covers maintenance employees, elevator operators, porters, and service workers. Local 32-B of his union, for example, covering the elevator and service personnel of Manhattan buildings, is the largest local union in New York

The Pictures—Acme—24 (top rt.), 125 (1); Peter Davis—74; European—120; Harris & Ewing—24 (bot.), 125 (2); N.Y. Herald Tribune—105; Int. News—20, 24 (top lt.), 64; Wide World—111, 125 (5), 128; Dick Wolters—48, 50, 70, 119; Ida Wyman—110.



Washing windows isn't safe...but it's interestin'. Like last week
I hear the President laying down the law.

"No excuses this time! I want twice as many deliveries next month."
The Superintendent was sweating blood. "But I can't do it, J. P.
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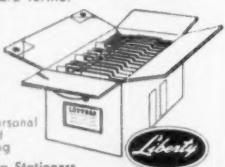
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Distributorships still open in certain areas

City. It has a toehold in department stores as well, with Gimbel's, Lord & Taylor, and most of the Fifth Avenue stores under contract for their elevator operators. In Chicago, BSE has pushed even further into the stores, representing many groups of non-selling employees in Marshall Field & Co. on State Street.

Early last year, McFetridge made a compact with the teamsters union and AFL retail clerks to push a triple-headed organizing drive against the stores

(BW—May 7'49, p95). Not much came of it, and that triple alliance is now moribund.

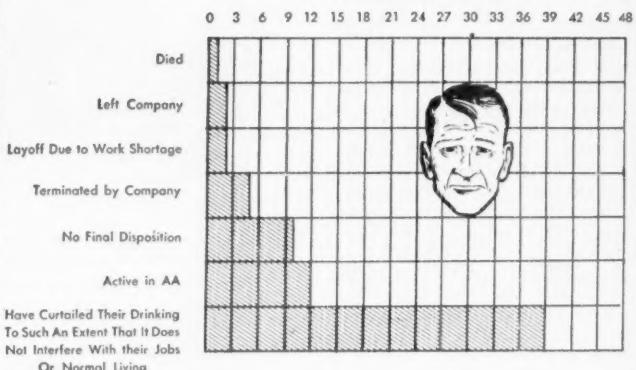
But recently McFetridge has been pushing ahead on his own, gleaning a few small successes. He has said his big road-block is neither employer resistance nor worker indifference. He attributes his slow progress to a jurisdictional snarlup among the unions interested in department store personnel. He has felt that if the question of which union gets who can be straightened out, he can

Allis-Chalmers Plan Helps Sa

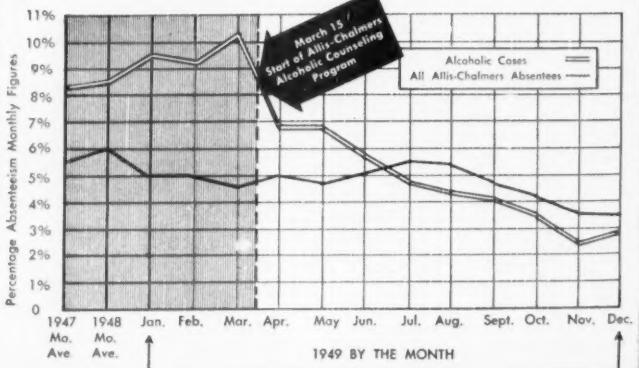
Disposition of Problem Drinkers

(71 ALCOHOLIC CASES)

NUMBER OF CASES



Percentage Absenteeism of Alcoholic Cases As Compared to the Allis-Chalmers Plant Figures



Data: Allis-Chalmers Manufacturing Co.

take a sizable dent in the largely unionized department store field.

Rival—As a member of AFL's executive council—where matters of jurisdiction are decided—McFetridge is in an excellent position to get that problem settled. If he succeeds, the department store labor front may get pretty busy. The new left-wing international union founded last week promises to move in on it soon (BW—Feb. 11 '50, p96). And may have an unexpected Republican val.

Drinkers

A-C's theory: Help, don't re them. Counselor program cuts absentee rate of drinkers 7%; cuts wage, scrap losses.

Can you help the employee who drinks too much?

That's what Allis-Chalmers Mfg. Co. wanted to know after finding that 10% of all discipline cases involved problem drinkers. So a year ago, Allis-Chalmers worked out its answer: a fulltime counseling program for problem drinkers and their supervisors. A former executive secretary of Alcoholics Anonymous in Milwaukee County, Wis., heads the program.

• **Results**—Last week, A-C checked up on how its project is working out. It's doing:

Reduced absenteeism and tardiness due to alcoholism (bottom chart).

A steadier work force—with fewer layoffs and discharges for the same cause (top chart).

Monetary savings: For the company, a cut in scrap losses (A-C had found that problem drinkers "cost the company thousands of dollars a year in scrapped materials"); for employees, thousands of dollars in wages.

So Walter Geist, Allis-Chalmers president, felt he could report: success.

• **Test Group**—A study of 71 problem drinkers on Allis-Chalmers' payroll showed that in 1947 and 1948, more than 8% of their working time was lost through absenteeism. In the first three months of 1949, the absenteeism rate reached 10%. Eight months after the program went into effect, the rate was down to less than 3%.

The 71 problem drinkers lost more than \$19,000 in wages during 1947, and more than \$23,000 during 1948. In 1949—including the months before the alcoholics program took effect—they lost only \$13,500.

The group chose for the test was made up almost entirely of workers on



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A-C's discipline list. All were habitual drinkers. The average drinker had been on the company payroll for more than 10 years; he was an experienced workman, with an excellent production record. The average age was 45, with the largest number 35 to 40 years old.

At one time in industry, most of these workers would have been fired outright—regardless of their length of service and job ability. But now there is a growing recognition that the problem drinker is a sick man who can be salvaged (BV—Apr. 23 '49, p112).

- **Counselor**—So instead of laying off or firing the problem drinkers, A-C sent them to a new office in its employee relations department—to a counselor on alcoholism.

The counselor told them flatly that they were in trouble because of their habitual drinking, but that the company wanted to help them rather than penalize them. They were going to be put on probation—and whether they stayed on the payroll might depend on their cooperation in overcoming their problem.

Then the new counselor went to work. His first job: to find out why each man was drinking.

- **Causes**—Sometimes the excess drinking was pathological, a job for the A-C medical department or, in some instances, outside hospital treatment. More often, family troubles, or financial worries, or even poor housing were at the bottom of the trouble.

- **Cures**—In such cases, the company's legal counselor stepped in with help on garnishments, budgets, and loans. Or the company's welfare department cooperated with visits to the employee's home to try to straighten out matters there. Or the A-C housing service helped out—finding a new home for an employee who said that "everybody drinks a lot in the place where I stay, so I drink with them."

When there's no obvious medical or personal reason for the excess drinking, the problem drinker is invited to take intelligence, personality, and other tests. Psychometric measures are utilized. In several cases, just getting the men interested in A-C's recreation program helped a lot. Sometimes Alcoholics Anonymous or the employee's minister or priest were called in.

- **Progress**—After counseling help, 39 of the 71 were able to cut down their drinking until it no longer interfered with their jobs. Twelve others were still getting AA help in February, and 10 were on the counselor's "current" list of those needing help. Two of the 71 voluntarily left the company for other jobs; two were laid off, on a seniority basis; and only five were fired for continued heavy drinking. One died.

The 71 workers did not make up the counselor's entire case load; they

were a sampling of the most serious cases, closely watched as a check on the program as a whole.

Supervisors' Part—As a second phase of its program, A-C is working with supervisory employees. It teaches them that a problem drinker is sick, needs help, and should be referred to the counselor on alcoholism. "Covering up" for him, to help him keep his job, may do more harm than good, A-C tells its supervisors.

A series of lectures for 1,800 supervisory workers—just completed in the West Allis plant—had this theme: Don't try to help the problem drinker with amateur advice, or take disciplinary action against him; refer him to the counselor on alcoholism, and you'll salvage an experienced, able worker who otherwise might be lost.



Frederick Bullen

Special Arbitrator; Next Ford Umpire?

Frederick Bullen, executive secretary of the New York State Board of Mediation, has been picked by Ford Motor Co. and CIO's United Auto Workers as a special arbitrator for six months. Bullen will take a leave from his New York post to help Prof. Harry Shulman of the Yale Law School—impartial umpire under the Ford-UAW contract—whittle down a big backlog of cases.

Shulman, who has been splitting his time between Detroit and New Haven, has long wanted to give up the Ford umpireship. Neither company nor union want to let him go because they haven't found anyone to take his place. But Bullen's hitch as Shulman's colleague may put him in line for the spot—one of the best labor-arbitration jobs in the country.

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See page 101 of the February 4 issue

LABOR BRIEFS

New Chrysler demands by the United Auto Workers (CIO) are based on the contention that the entire contract opens up in event of a strike. The union now wants to bargain on: a union shop, new grievance procedures, elimination of wage "inequities" and merit spreads, time-and-a-half for Saturday work, longer vacations. Original strike issue: pensions and insurance.

Displaced persons who settled in New York state during 1949 added just 1/4 of 1% to the state's labor force. Of the 34,797 in the state, only 19,000 are breadwinners. Most unions that opposed the entry of DP's as a threat to jobs have quietly dropped their objections.

A shorter work week (from 48 to 40 hours) without any cut in weekly pay has been agreed to by AFL longshoremen and five Baltimore towing companies.

The pact settles a month-long strike. The union wanted a 10¢ hourly raise and 44-hour week, dropped the wage demand for a bigger cut in hours worked.

A wage hike averaging 7¢ an hour included in a new contract between the H. J. Heinz Co. and AFL Canning Pickle Workers. It covers 2,300 employees in Pittsburgh.

A labor peace study by the National Planning Assn., just out, reports on relations between Nashua Gummed & Coated Paper Co., Nashua, N. H., and seven AFL unions.

Minimum-wage boosts are cutting into lumber mill employment in Alabama state employment offices say. As a result of the hike to a statutory 75¢ minimum three of 20 mills closed in one county, making 300 jobless. Operators of other mills announced plans to cut work force 25% to 50%. Small-mill pay had been averaging 55¢ an hour.



AT STOCKHOLDERS MEETING AFL's John Morin is flanked by A. G. Spalding's H. Boardman Spalding (left) and William T. Brown (right). Morin told stockholders . . .

Union Backs "Fair Return" to Investors

Labor and management have minor disagreements from time to time at A. G. Spalding & Bros., Inc., but overall relations have always been harmonious. That was reemphasized last week when stockholders of the sporting-goods manufacturer met in New York. For the first time, a union leader was invited to address them on union policies.

John Morin, representing Spalding's AFL federal local, told stockholders that the union agrees with management on two

basic things: Management and labor "need each other to make a team," and the success of both depends entirely on the continued profitable operation of the company.

Morin added: The union believes every stockholder should get a "reasonable return" on his investment.

Charles F. Robbins, Spalding president, invited the union to send a representative to the meeting, and introduced Morin—a former president of the federal local.

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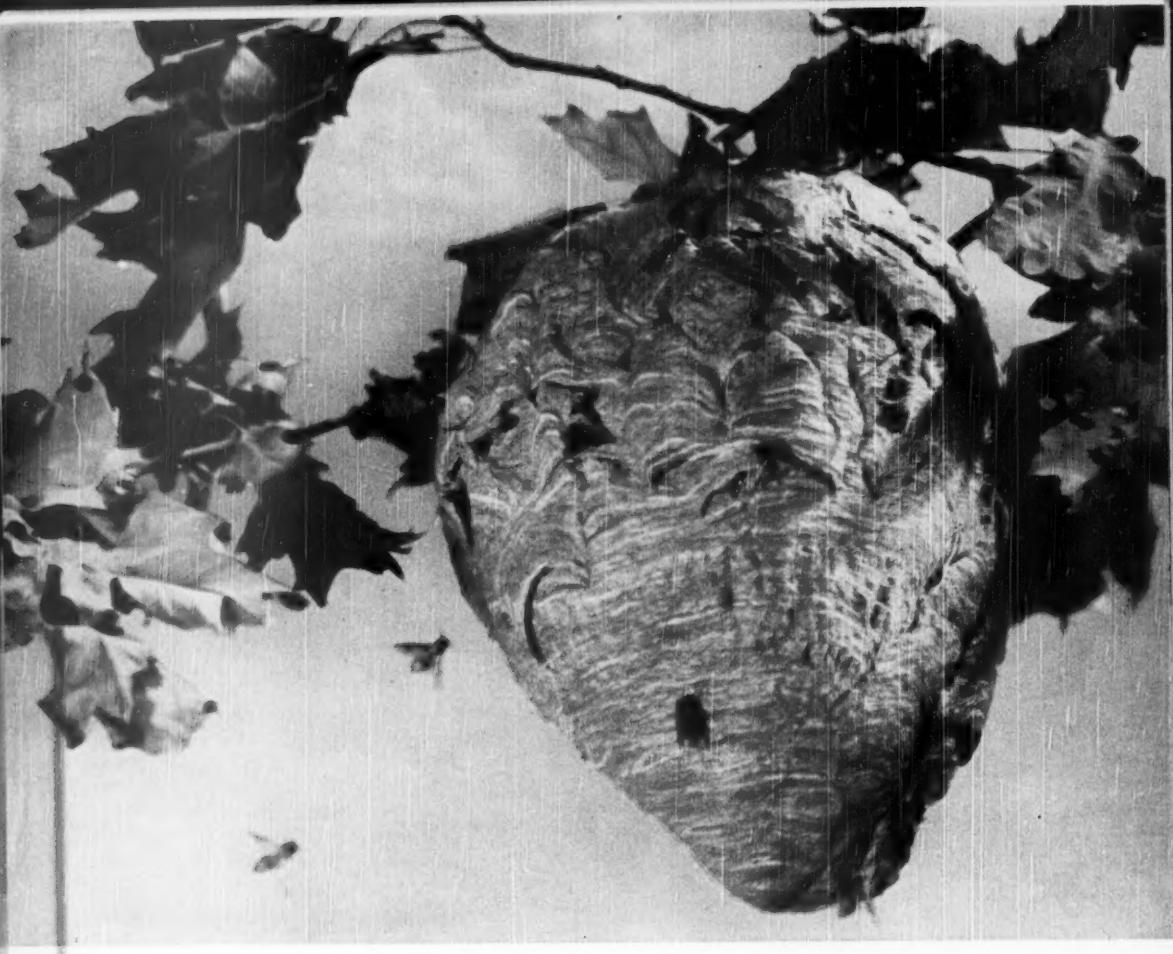
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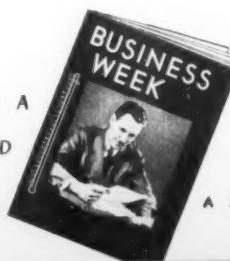
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INTERNATIONAL OUTLOOK

USINESS WEEK

FEBRUARY 18, 1950



Secretary Acheson's new policy vis-a-vis Russia is hard to pin down.

But this is back of Acheson's thinking: You get agreement with the Russians only if you lead from strength. And your strength has to be applied in particular areas.

So look for the U. S. to make a stand against Soviet pressure in Indo-China. That's now the critical area in the Far East (page 108).

The State Dept. can work fast if it wants to. Last week's \$100-million Export-Import Bank loan to Indonesia proves that. Under pressure from State, the loan went through in far less than normal time.

In Europe, you'll get U. S. strength applied in Berlin and Yugoslavia.

China's 30-year alliance with Russia has ended wishful thinking about a split between Stalin and Mao Tse-tung.

You could see the pact coming last fall (BW-Oct.30'49,p119).

The published documents don't tell everything, of course. But you can glean these facts from them:

(1) The alliance is directed against the U. S. and Japan.

(2) China gets back Port Arthur as soon as a Japanese peace treaty is signed. The same goes for the Changchun R.R. (This runs from southern Manchuria to Harbin on the Trans-Siberian R.R.)

(3) Peiping gets a \$300-million five-year credit from Moscow. The money is to finance shipments of Soviet railway, mining, and power equipment.

What are the Russians up to in Berlin with their partial blockade?

The best guess is that Moscow wants to upset the economy of Berlin's Allied sectors.

Here's what forced the Russians to act: Since the end of the airlift, ECA and the Bonn government have funneled a lot of money into Berlin. The money has been used to prime the industries of the western sectors. The recovery in our parts of the city made the eastern sector look too bad.

It's only a question of time before the Allied High Commission will start retaliating. Here are two likely moves:

Limited revival of the airlift. The purpose would be to boost flagging morale in Berlin rather than to supply the city.

An embargo on trade from West to East Germany to stop shipments of those goods that the Soviet zone needs most.

French opinion is swinging to the idea of neutralizing western Europe in the cold war. Conservatives as well as Socialists are taking this line.

Two things are behind this appeasement move:

(1) Fear of an H-bomb war.

(2) Secretary Acheson's "get tough" policy toward Russia. The French say such a policy is O. K. if you can back it with force. But they don't see any signs that the U. S. is adequately prepared to defend itself, let alone western Europe.

Western Europe now has a deficit instead of a surplus in its trade with the sterling area (including Britain).

That's been one of the major trade shifts since last September's devalu-

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 18, 1950

ation. French economists say it's largely due to the fact that the pound was devalued more than European currencies. Upshot was that Europe bought more from the sterling area, sold less.

Between July 1 and Sept. 18 western Europe had a trade surplus of \$425-million with the sterling area. But in the two and one half months after devaluation it was the sterling area that had the surplus—to the tune of \$140-million.

Fritalux (the proposed economic union between France, Italy, and Benelux) is dead. The scheme was buried last week by the Finance Ministers of the countries involved. These things finished off Fritalux:

France's refusal to drop its tariffs;

Italian fears of more unemployment;

Failure to agree whether West Germany should be invited to join.

London metal traders expect world copper, lead, and zinc prices to drop by the end of 1950.

Reason: British imports were high enough last year to build inventories. And British consumption will be down 5% to 10% this year.

What's more, these traders think that world metal consumption has passed its postwar peak.

Canada will soon relax import quotas on a long list of U. S. manufacturers. But this could prove to be very temporary. Here's why:

In a move to help U. S. wheat growers, Congress will probably call a halt to the spending of ECA money on Canadian wheat for Britain. In 1949, Canada got \$175-million this way.

Then, U. S. aluminum producers want higher tariffs on the Canadian metal (page 15).

A move by Congress in either direction could upset Canada's delicate dollar balance with the U. S. Once that happened tighter import curbs would go back on.

It's a question, of course, whether a ban on ECA buying of Canadian wheat would ease the U. S. surplus problem at all.

Britain is committed to buy the lion's share of its wheat in Canada anyway. That's the way things were set up under the International Wheat Agreement. So it's virtually impossible, no matter what we do, for Britain to spend dollars on U. S. wheat.

That means that pressure would probably build up for food giveaway programs. (India and other Southeast Asia countries seem the logical places to send such food.)

The election campaign in Britain hasn't gone well for the Conservatives. At least that was true up to the time Churchill made his proposal for H-bomb talks with Stalin.

It was a case of the campaign temperature being too low (BW-Feb. 11'50, p104). That inevitably favors a party which has a detailed program such as Labor has.

Moreover, Labor has succeeded so far in playing down socialism. This has calmed middle-class fears. Also, the Liberals are much stronger than anyone expected—which may take more votes from the Conservatives than from Labor.

BUSINESS ABROAD



Sen. Borah



Sen. Wheeler



ISOLATION Before the war, Secretary Hull fought congressional isolationists for his policies of lowering tariffs and aid to the Allies.



Sen. Wherry



MARSHALL PLAN After the war, Secretary Marshall had to fight Congress to get his \$15-billion recovery plan for Europe.



Sen. Smith



Sen. Knowland



CHINA When the Communists won out in China, Secretary Acheson found himself under fire from Congress for not having saved Chiang.

Congress Goes Easier on State

Now that Acheson has blasted communism again, Formosa ruckus is dying. But trouble looms over ITO, ECA.

Last month Congress and the State Dept. were at loggerheads over the Far East. The split looked serious—serious enough to undermine the bipartisan foreign policy and hamstring U. S. diplomacy around the world.

But this week President Truman and Secretary Acheson have things under control again. Truman is getting the backing of both Republicans and Demo-

crats for his decision to build the H-bomb. Acheson's "get tough with Russia" policy appeals to most congressmen.

I. Battle's End

It looks now as if the revolt in Congress had reached its peak with the defeat of Korean aid in the House in January. That vote was Congress' way

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January 27, 1950.



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of telling Acheson it didn't like his China policy, especially his refusal to help defend Formosa against the Chinese Communists. But by last week the House had given Korean aid a second thought. The measure passed with plenty of votes to spare.

Analyze the second vote on Korean aid and you can see why the Administration is still in control. Out of 169 Republicans in the House, 93 voted against the aid. So you had just over half the Republicans lined up against Acheson. That's not enough to cause the Secretary serious trouble. (Only 40 Democrats out of 261 voted with the 93 Republicans.)

• **Basic Agreement**—The fact is that the Republicans believe in the basic principle of Acheson's foreign policy—containment of Soviet communism. In the recent GOP policy statement, the Republican party went on record as favoring a strong stop-communism policy, with aid to states that resist Moscow's advances. As for the bipartisan angle, the Republicans merely asked to be consulted more often.

It may be that Sen. Vandenberg's leadership partly explains the official GOP position on foreign policy. It was Vandenberg who put the O.K. on this part of the GOP statement. Still, the chances are that if Sen. Henry Cabot Lodge takes over from Vandenberg as GOP spokesman on foreign policy he will follow pretty much the same line.

• **Inevitable**—The flareup over Formosa was probably inevitable. Congress was mad about the loss of China to the Communists. A U.S. friendship of long standing had been shattered. Any Secretary of State who happened to be in office at such a time was bound to be in hot water. Add to this the fact that the China disaster offered a chance for political capital in an election year, and you can see why temperatures rose in Washington last month.

• **More Trouble**—But the chances are that temperatures will flare up again over foreign issues in the months ahead. At least two issues will generate heat:

ECA. The Administration expects it will have a tough fight to prevent a deep cut in Marshall Plan money this year. ECA may be Paul Hoffman's baby, but Acheson will be in the thick of the fight, too. Most of the opposition will come from economy-minded Republicans. And there will be those who are still ranking over China.

ITO. State is in for certain trouble over the International Trade Organization charter (BW—Jan. 28 '50, p. 109). Acheson would like ITO approved this spring. But the Republican opponents of ITO think they can line up enough Southern Democrats to kill it. It's issues such as ECA and ITO that have been splitting State and Congress far more

often in recent years than disputes over the basic direction of our foreign policy.

II. History

Administration-Congress feuding over foreign policy is nothing new, of course. It dates from Washington's day. In fact, it wasn't until Franklin D. Roosevelt took office that the State Dept. bothered much to butter up Congress. For example, the Senate was simply expected to approve of treaties that were passed on to it. (F.D.R. had Wilson's tragic experience with the League of Nations in mind when he spurred Secretary Hull into bettering relations with Congress.)

It's probably natural for Congress to be at odds with State more often than with any other government department. Foreign policy is the President's special prerogative. State is the department over which Congress has the least control. The only strong sanction in the hands of the Hill is the power of the purse.

By itself, this kind of special relationship tends to set up a feeling of resentment in Congress. But there are several other special quirks in the situation.

• **Whose Interests?**—State is often identified as the department that looks out for the foreigner more than for the foreign interests of the U.S. Such a charge may be inevitable at a time when the U.S. is adjusting to its role as a creditor nation and most of the rest of the world is recovering from severe war damage. It is symptomatic that one of Hull's big battles was over the reciprocal trade agreements program. Perhaps the biggest foreign policy fights that Byrnes and Marshall had were over the British loan in 1946 and the European Recovery Program in 1948.

• **Politicos and Silk Hats**—Then there's the old problem of the professional and the politician getting on together. The professional on the Hill often acts like a duck out of water. And when the professional wears striped pants, he can look even curioser—though it is true that in the past few years State has been shedding its striped pants, both figuratively and literally.

One of Secretary Acheson's special problems is that he personally is a professional to the Nth degree. In this he is unlike his four predecessors: Marshall, Byrnes, Stettinius, and Hull. Acheson is an eastern intellectual as well, and that doesn't go down with every Congressman from west of the Alleghenies. To some extent the Secretary's personality offsets not only his recognized abilities but the democratization of State Dept. personnel that has gone on since World War II.

• **To Heal the Breach**—For its part, State is now doing what it can to smooth over relations with Congress. Jack McFall, the new Assistant Secretary for

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Congressional Relations, is working overtime to patch up the differences. (From State's angle, the three important congressional committees are the Senate and House Foreign Relations Committees and the House Appropriations Committee.)

One of McFall's jobs is to look over reports on conditions abroad from the 150 congressmen who went voyaging in 1949. State Dept. officials are labori-

ously compiling these reports after interviews with the itinerant congressmen.

It will be up to McFall to go in action when a senator wants a Foreign Service post for a constituent. It's his job, too, to see that congressional committees are fully consulted on such important subjects as the Atlantic Pact. In this particular case, congressmen made major contributions to both the content and language of the pact.



Bao Dai: His new regime is opposed by . . .



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U.S. Draws Line Against Reds

Indo-China will be the fence to keep Stalin out of Burma, Siam, Malaya, Indonesia. That's why the U. S. has recognized the Bao Dai government. Still plenty of problems ahead.

After months of hesitation, Washington has finally decided to draw a line against the advance of communism in Asia. That's the meaning of last week's recognition of the French-sponsored Bao Dai government in Viet Nam, principal Indo-Chinese state.

It was Stalin who prodded the U. S. into the decision. Only a few days before the U. S. acted, Russia and Communist China had recognized the rebel government of Moscow-trained Ho Chi Minh. For Washington, that was proof that Stalin isn't satisfied just to have China in his camp—he wants southeast Asia as well.

• **West's Stake**—As U. S. strategists figure it, just let Indo-China fall, then Burma, Siam, Malaya, and even Indonesia will be within the reach of Russia. With all these countries under Communist control, the U. S. defense position in the Pacific would be dangerously outflanked.

But the West has more at stake than strategic position. Western Europe draws heavily on its dependencies in southeast Asia for raw materials such as tin and rubber. These products not only feed European industry but also earn dollars in the U. S.

Then there's the fact that Indo-China, Burma, and Siam produce most of the rice that's available in the world for export. If Moscow had control of this rice, it would have a handy instrument for blackmailing Japan and India.

Only vital interests would ever get the U. S. mixed up in Indo-China. The situation there is a tough one to handle. It may prove tougher, and perhaps more expensive, than Greece was when the British passed that baby to us in the spring of 1947.

• **Expensive Baby**—From 1946 to 1949 France had spent close to \$1-billion trying to maintain a colonial regime in Indo-China where 25-million people

ong for national independence. Now France—and the U. S. and Britain, too—are pinning their hopes on the leadership of ex-emperor Bao Dai, former Japanese puppet. In setting up Bao Dai, France has made real concessions to Indo-Chinese nationalism. The new regime is to be virtually independent, except for foreign relations.

But Bao's problem is that almost any move he makes puts the stamp of a French puppet on him. His two major moves since returning to Indo-China last year have been to (1) reestablish military conscription; and (2) reimpose a head tax. For the people of Indo-China both these measures symbolize colonialism. They are driving many of the young men to the side of Ho Chi Minh. Besides, Bao is no match in shrewdness for Ho, who is a product of Moscow's schools for professional revolutionaries.

France itself is at the end of its financial rope in Indo-China. If the French government were to invest more in that country, it would jeopardize the very delicate financial stability at home. Out of a current budget of about \$6.5-billion, France spends 20% for defense. And of this at least 30% is earmarked for Indo-China.

Until 1939 the Indo-Chinese colony was a source of wealth to France. But since 1945 it has been a deficit item for the French taxpayer.

- **Bad Shape**—Recent statistics are hard to get, but here are some of the facts:

- Rice production in Indo-China dropped from 8.5-million tons in 1939 to 4.5-million tons in 1948.

- Production of salt, coal, and minerals, such as tungsten and manganese, is almost at a standstill; over-all, mining is down to 15% of prewar.

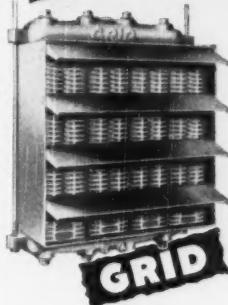
- Railroads are operating at a big loss; usable mileage is down from 3,000 kilometers to 1,200 kilometers.

- Prewar 300 vessels cleared Indo-Chinese ports a month; in 1948 the average was only 120.

- Government revenues are about



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38% of prewar as a result of fighting.

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On the other hand, Moscow's intervention might take the form used in the Spanish civil war—sending a military mission and modern equipment. The idea would be to get a quick victory.

If we only have to face another Greek-type situation in Indo-China, the cost should not be too heavy—perhaps not even as high as it has been in Greece. But if Stalin decides to use direct military aid, the U. S. is in for an expensive and risky proposition.

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The military position is far from hopeless. Ho Chi Minh has larger forces than the French—and probably better equipment. But He is not in the favorable position that China's Mao Tse-tung was before he started his drive to the south. Ho's Viet Nam movement is not a unified force like the Chinese Communist party. It is a combination of dozens of nationalist parties and groups.

This combination was formed in 1946 after the breakdown of negotiations with the French over the question of independence. At that time Ho had to dissolve his own Communist party in order to build this coalition. But since 1946 the Communists have managed to take over all the top jobs in the Viet Nam movement.

One problem Ho faces is the anti-Chinese feeling among his nationalist followers. Many of these people hate the Chinese as much as they hate the French. So, Chinese intervention will cost Ho some of his support.

• **In Our Lap**—Bao Dai's main asset right now is U. S. recognition. French bayonets may have put him into power. But only U. S. pressure against French colonialism can keep Bao there. If Bao is to lead a really independent nation-

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It's even possible that Washington may regard Bao Dai's administration as no more than a trustee of Indo-Chinese independence until the Indo-Chinese people have a chance to elect their government. It's likely, too, that Washington will insist that the French agree to withdraw their troops—after Ho has been defeated and after there has been time to create a native army.

In taking such a line the U.S. would merely be following the tack it took with the Dutch in Indonesia. As Washington sees it, Bao Dai's big problem is to separate Ho Chi Minh's Communists from the nationalists, who amount to more than 80% of his followers. And an anticolonial policy would probably do the trick.

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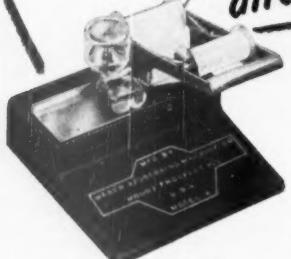
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Truman & Lewis Have Strengthened T-H

"Truman sure played a dirty trick on us," said an official of the United Mine Workers when he heard the news that the President had invoked the Taft-Hartley act. Mr. Truman, fuming in the White House, might very well have retorted that the miners had sure played a dirty trick on him. The fact is: Truman and Lewis together have given a big boost to the Taft-Hartley law they both hate.

The implacable John L. Lewis, by prolonging the dispute with the mine owners to a point of national peril, has forced the President to use Taft-Hartley for the first time since the election campaign of 1948. During that campaign, Truman called the law, among other things, "bad, wrong-headed, vicious, and ineffective."

The President had gone to inordinate lengths to avoid eating his own words. He offered Lewis an extra-legal, nonbinding arbitration deal of the sort which got Philip Murray off the spot in steel. He postponed admitting that the coal strike had created a national emergency to a point where any further postponement would have amounted to sheer dereliction of his responsibility.

The Flaw in the Double Game

Mr. Truman has been stubborn. But John L. Lewis, though hardly invincible, is also a stubborn and indomitable man. Whether moved by an appetite for power or a sense of rectitude, he is at his most formidable when he detects a moral flaw in the position of his opponent.

In this case, Lewis knew the Administration was playing a double game.

If Truman really is convinced that the Taft-Hartley act is unmitigatedly bad, he has the votes to get it repealed. At least a count of noses in Congress indicates that a determined President would have enough on his side, with a few votes to spare.

Or if, as is widely assumed, Truman really believes that parts of Taft-Hartley are all right and parts of it are wrong, he has the votes to get it amended.

To keep the law on the books merely in order to assure organized labor's intense involvement in the 1950 campaign is sheer hypocrisy. It has given John L. Lewis an opportunity—which he is pursuing with all the will and determination of which he is capable.

And how uncomfortable this has made Lewis' erstwhile compatriots in the AFL hierarchy. The federation's executive council, assembled in quarterly meeting in Miami, did not have a single meaningful thing to say on this most important labor development. But it needed no comment to reveal the hollowness of their position. They have pro-

tested their nonpartisanship, explaining their affinity for the Administration as an alliance against the "slave labor" law. Yet, when the Administration invoked Taft-Hartley and committed itself to suppressing a strike by means of the hated injunction, the council averted its eyes—to India—and passed a resolution calling for the further extension of U.S. aid.

Not Easy to Forget

It would be naive to suppose that recent events in the coal dispute will have any perceptible effect on the political rhetoric of the autumn. There has been no basic shift in the Administration's position on national labor policy. Truman and his slate will blast the Taft-Hartley act with as much venom as before.

The Administration may hope that the shrillness of its oratory will drown out the recollection of its own reliance on the law. Certainly the labor leaders will hope for pro-union speeches from the Administration in such volume and at such pitch as to make them forget the week in February when they too were curiously tongue-tied.

But, happily, when politicians develop loss of memory, there is usually an opposition prepared to supply information and details to fill the gaps. The events of the 1950 coal crisis will not be allowed to be forgotten.

The Lewis-Truman Demonstration

The nation's need for protection against strikes which paralyze its arteries of commerce, imperil its welfare, and threaten its health and safety, has again been demonstrated, by Lewis. The efficacy of the national emergency section of the Taft-Hartley act in affording such protection has been demonstrated by the reluctant Truman. Their joint action has a greater eloquence than any speech writer or speech maker can hope to surpass.

One inevitable consequence of the affair will be to strengthen the hands of those who call for retention of the Taft-Hartley law. In an otherwise singularly undistinguished performance, the Republican policy makers who drew up the party's 1950 platform did take a strong stand for retention of the Taft-Hartley law. They gave as one of the party's objectives: "continuation of our efforts to enact such improvements in the law as have been shown to be necessary to accomplish its purpose more effectively and to achieve more complete equality."

That is a sound objective which should have a lot more political force behind it as a result of the Administration's latest performance on the labor front.



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